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A rescuer lifting a baby into an ambulance after the suicide bombing at a cafe in Tel Aviv on Friday.

Israel Blames Arafat for Bombing

By Serge Schmemmann
New York Times Service

TEL AVIV — A blast touched off by a suicide bomber ripped through a crowded Tel Aviv cafe on Friday, killing two people and the bomber, wounding scores and striking a new blow at the tottering Israeli-Palestinian peace.

Prime Minister Benjamin Netanyahu blamed Yasser Arafat.

The bomber was not immediately identified, but there were unconfirmed reports that he was a Palestinian from a village outside Hebron. An anonymous caller told the police that the militant Islamic movement Hamas was behind the attack, but there was no immediate corroboration either from Palestinian or Israeli sources.

Witnesses said the bomber, a nondescript young man who did not to them resemble an Arab, had walked into the Apropos cafe on the trendy, tree-lined Ben Gurion Street carrying a large yellow bag. The cafe was full at 1:40 P.M. on a hot, sunny Friday, the start of the Israeli weekend.

Just as a waiter showed the man to an outdoor table, an explosion ripped through the cafe, shattering windows, ripping umbrellas and leaving scores of people bleeding on the ground.

The police said the bomb was small compared with previous ones, about four to five pounds of explosive, and the damage was relatively light.

Nonetheless, the bombing broke a yearlong lull in suicide attacks, and revived the terribly familiar sequence — the screaming sirens, the bearded religious men scouring the site for bits of flesh, the frenzied demonstrators yelling "Death to Arabs!" — the shocked questions, the chorus of



A woman who was wounded being led from the cafe.

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Yangtze Port Sets Standard For Behavior

By Seth Faison
New York Times Service

ZHANGJIAGANG, China — In Mao Zedong's day, people all over China were taught to "learn from Dazhai," the rural commune where selfless peasants reaped ever-larger grain harvests that, it turned out later, were largely imaginary.

When Deng Xiaoping was in charge, he urged everyone to follow Shenzhen, the boom town bordering Hong Kong, though he doubtless meant its free-wheeling economic growth, not its corruption, prostitution and software piracy.

Today's national model is Zhangjiagang, a thriving port on the Yangtze River that combines money-making with clean living. Criminals and litterbugs are equally rare here, city leaders say, because commercial success is tempered by a government-organized push for "spiritual civilization," which essentially means learning to behave well.

With Mr. Deng's death last month, and an ideology that rings more hollow each day, China's leaders are trying to meet the nation's need for a new set of values to anchor their fast economic



growth and the social change coming with it. Spiritual civilization is their answer. Zhangjiagang their archetype. This city represents the future of China as Beijing's leaders would like

Taiwan plays down Dalai Lama's visit as purely religious. Page 5.

to see it: prosperous and law-abiding, clean and orderly, modern and yet firmly in the control of the Communist Party authorities. Here spiritual civilization looks very much like a Singapore-style campaign of strict housekeeping.

See CHINA, Page 4

China Defends U.S. Trade Gap

Compiled by Our Staff From Dispatches

BEIJING — The Trade Ministry issued a lengthy defense Friday of China's growing trade surplus with the United States in an effort to stop the imbalance from derailing economic relations with Washington.

"We want to prevent a situation arising where this single trade issue will be used as an excuse to allow a larger scale of debate and affect the normal development of bilateral trade between the United States and China," said Mr. Sun Zhenyu, the deputy trade minister, said. Mr. Sun accused the United States of exaggerating the deficit and rebutted arguments that Chinese workers were stealing American jobs.

His comments came the day after Washington reported a record monthly trade deficit that included a 37 percent jump in the shortfall with China.

"This issue has become such a general concern to the American people that failure to handle the issue properly could hold up economic and trade relations," he said.

The statement came as Congress geared up for its annual battle over the granting of most-favored-nation trading status to China, and as the fresh U.S. figures revealed the trade deficit with

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Yeltsin Seems Reconciled To an Expanded NATO

By John Vinocur
International Herald Tribune

HELSINKI — President Boris Yeltsin of Russia, while describing NATO's expansion eastward as a "serious mistake," nonetheless gave the plan his tacit acceptance Friday at a summit meeting with President Bill Clinton of the United States.

The two leaders said they would continue to disagree on widening the alliance to include Poland, Hungary and the Czech Republic, all former Warsaw Pact members, but announced they would join in signing a charter between NATO and Russia providing for consultation, coordination and joint decision-making where possible.

Mr. Clinton said the agreement would give the Russians, whom he described as "partners" as opposed to allies, "a voice but not a veto" in the North Atlantic Treaty Organization. Mr. Yeltsin's description of the arrangement at a joint news conference after a day of meetings was as one "minimizing the negative consequences for Russia" of the expansion, and allowing participants to "solve issues by consensus."

Regardless of Russia's displeasure

with the enlargement, Mr. Clinton made it clear that it was going ahead and nowhere did Mr. Yeltsin suggest Russia would attempt to slow or block the plan.

"I reaffirmed that NATO enlargement at the Madrid summit will proceed," he said, "and President Yeltsin made it clear he thinks it's a mistake."

At the same time, the presidents said they agreed to move forward on the control of nuclear armaments, with Mr. Yeltsin accepting to press for the quick ratification of the START-2 agreement by the State Duma, or Russian Parliament.

Linking this to the opening of talks on a START-3 treaty with Russia, Mr. Clinton said the two countries could achieve cuts by 2,007 that would represent an 80 percent reduction from their peak totals of about five years ago.

Although the Russian president vehemently denied any quid pro quo arrangement — "I categorically dispute this was a bargain" — Mr. Clinton said the Russians would play a more substantive role within the G-7 group of industrial nations, now to be known as the Goup of Eight. The United States, he

said, would also attempt to more vigorously promote American investment in Russia.

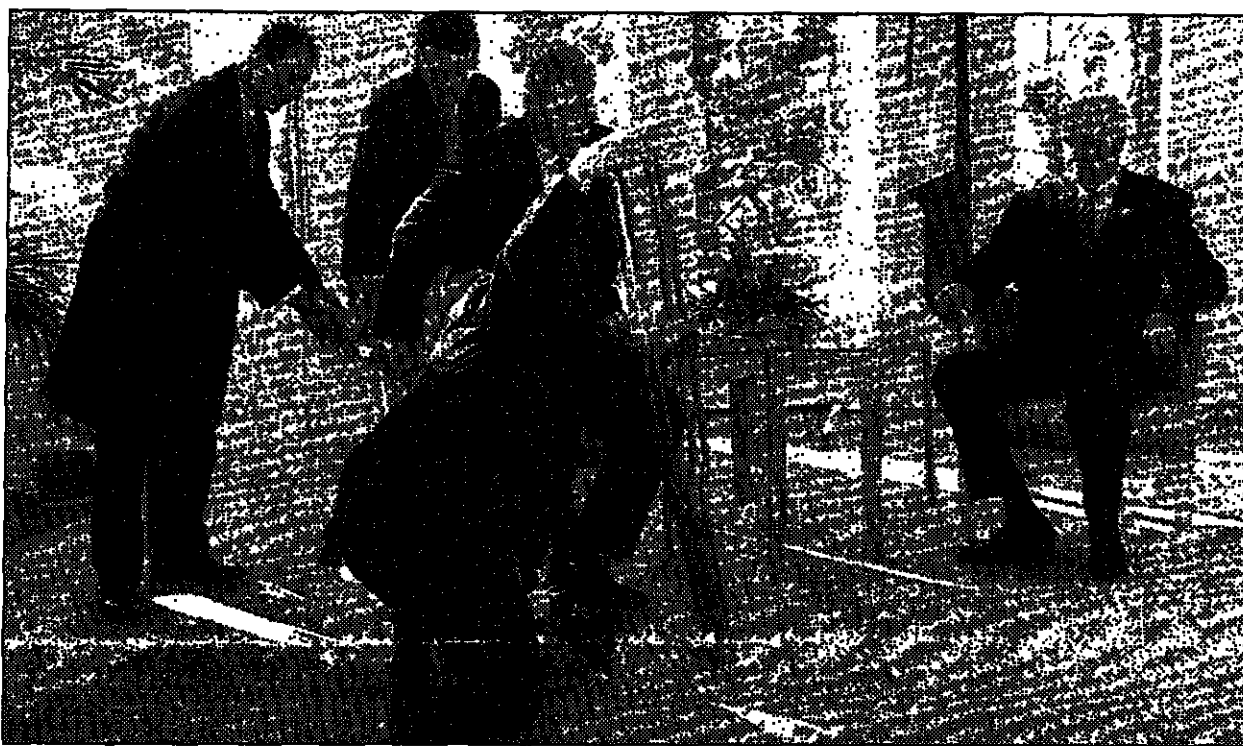
The formulations found by the participants essentially allowed Mr. Yeltsin to continue to state his opposition to NATO's enlargement, which is regarded by a dominant segment of the Russian establishment as completing the downfall of Russia's strategic position arising from the end of the Cold War.

At the same time, however, Mr. Yeltsin agreed to work in negotiations between NATO and Russia for a charter described in a joint communiqué as "an enduring commitment at the highest political level."

The communiqué said: The two presidents "continued to disagree on the issue of NATO enlargement. In order to minimize the potential consequences of this disagreement, the presidents agreed that they should work, both together and with others, on a document that will establish cooperation between NATO and Russia as an important element of a new comprehensive European security system."

What was not clear was how much

See SUMMIT, Page 7



Mr. Clinton being helped to his seat by aides before starting talks Friday with Mr. Yeltsin, right, in Helsinki.

Albania Revolt Devolves Into Tantrum

By Christine Spolar
Washington Post Service

GIROKASTER, Albania — Far from the capital, towns in southern Albania still rattle with gunfire after midnight and are paralyzed in their efforts to quell upheaval and criminal chaos.

In this town about 270 kilometers (170 miles) south of the capital, Tirana, and in nearby Tepelena, residents are living amid rumors and fear. Neither citizens' groups nor local governments appear to be able to restore order.

Some of those who claim to lead the armed townspeople here say they aim to

topple President Sali Berisha. But it became clear during interviews this week that they have no plans to leave their towns to take their case to the capital.

Indeed, what began as a grass-roots civilian revolt, sparked by anger over failed investment schemes that were ignored by Mr. Berisha's government, has settled into a vague, lawless tantrum with no clear agenda.

Rampages through military weapons warehouses three weeks ago have spawned no clear momentum for a revolution or coup. What perhaps can best be described as a resistance movement has but one clear goal — Mr. Berisha's

resignation — but no obvious means or organization to make that happen.

Telephones work erratically in some places in this impoverished country and fax machines are nonexistent in many others. Communication, therefore, appears to be slim among towns in the south, where the revolt flared on March 2. Some protest leaders here spout bellicose warnings that they will arrest Mr. Berisha, even hang him, but at day's end their words stand as empty threats.

"About 50 people are leaving this town to put him under arrest — to force him to resign," said Gjolek Malaj, a rebel leader from the mining town of Mëmali. Short of specifics when pressed, Mr. Malaj offered up another plan if Mr. Berisha refused to heed his threat: "If President Berisha will not resign, we are prepared to bombard him."

Mr. Malaj was one of a handful of protest leaders who met in Gjirokastra on Thursday with political leaders from Tirana representing Albania's opposition parties. Three hours into their discussion, in an old military officers' club guarded by about a dozen men holding assault rifles as sheep grazed in the front yard, the politicians and the protesters had reached no decision about their next move.

A threat to march on Tirana if Mr. Berisha did not resign by Thursday was nothing more than a threat, the participants agreed.

The leader of the Social Democratic Party, Paskal Mito, said from Tirana that many people in the protest movement would like to confront the government somehow, but that "we are trying to convince them that the best solution is dialogue and to go step by step."

But it is unclear what must be done to regain control of the south and who is in charge of any single town. Agim

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AGENDA

Mobutu Returns in Ghostly Way

Marshal Mobutu Sese Seko of rebellion-plagued Zaire returned to Kinshasa on Friday, but his presidential welcome was abruptly canceled.

When Marshal Mobutu's plane landed from France, where he had had

fresh cancer treatment, the president did not emerge. After a half hour, soldiers forced reporters away, the welcoming party dispersed and a black limousine was summoned to the boarding steps. Page 7.

The Dollar			
	Friday @ 4 P.M.	previous close	
New York	1.6863	1.6825	
DM	1.6863	1.6825	
Pound	1.6863	1.6825	
Yen	122.85	123.75	
FF	5.6875	5.7145	
The Dow			
	Friday close	previous close	
-15.49	6804.79	6820.28	
S&P 500			
	Friday @ 4 P.M.	previous close	
change	789.10	782.85	

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Sports		Pages 18-19.
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The IHT on-line http://www.ihon.com		

The Nomadic Life Dries Up in Arabia

By Richard Covington
Special to the Herald Tribune

QTAN, Saudi Arabia — Reclining in the shade of his billowing tent, Ziaab Galib lamented the depressed prices his nomadic flocks of sheep and goats fetch at the nearest market in the dusty crossroads of Radwan 30 kilometers away.

To make ends meet, Mr. Galib said, he took a job as a part-time ranger at the nearby Mahazaf Azet wildlife refuge, guarding privileged oryx, ostriches and gazelles that feast on protected forage that his own flocks are denied.

Globalization has arrived at the tents of Saudi Arabia's nomads, pulling them into the market economy and downsizing their once-independent lifestyle. As rangelands evaporate and

cash becomes necessary, camels are out and sheep are in. Once self-sufficient herders largely roaming free of the 20th century's economic forces, the nomads are being drawn inexorably into the market by the need to pay for the water trucks and barley they need to nourish their flocks.

At the same time, they are faced with a decline in prices for their camels, sheep and goats, requiring them to herd larger numbers of smaller animals to make the same amount of money. This practice has gravely taxed the overgrazed rangelands and forces an increasing number of nomads into the cities to seek paying jobs.

The Bedouin tribes of Saudi Arabia have ranged the northern

See NOMADS, Page 7



Mr. Galib, with two of his sons, whose tent life is besieged by globalization.

Newstand Prices			
Andorra	10.00 FF	Morocco	16 Dh
Antilles	12.50 FF	Qatar	10.00 Rials
Cameroon	1,800 CFA	Reunion	12.50 FF
Egypt	10.00 FF	Saudi Arabia	10.00 R.
France	10.00 FF	Senegal	1,100 CFA
Gabon	1,100 CFA	Spain	225 PTAS
Italy	2,800 Lire	Tunisia	1,250 Din
Ivory Coast	1,250 CFA	U.A.E.	10.00 Dirh
Jordan	1,250 JD	U.S. Mtl. (Eur.)	\$1.20
Lebanon	11,300		

Spanish Flu of 1918: Team Finds Pieces of Deadly Puzzle

By Gina Kolata
New York Times Service

NEW YORK — A group of Defense Department researchers has found genetic material from the notorious Spanish flu virus that killed at least 20 million people in the influenza pandemic of 1918.

Fragments of the virus were found lurking in a formaldehyde-soaked scrap of lung tissue from a 21-year-old soldier at Fort Jackson, South Carolina, who died of the flu nearly 80 years ago. And now, medical experts say, investigators at last have to answer a question that has troubled them for decades: What made this virus so deadly?

One part of the answer is that the Spanish flu virus passed from birds to pigs and then to humans, a mode of transmission that is thought to produce the most dangerous strains of influenza viruses.

The search for the 1918 virus is of

more than historical interest, said Dr. Jeffrey K. Taubenberger at the Armed Forces Institute of Pathology in Washington, the leader of the team whose report was published Friday in the journal *Science*. He and other researchers hope that understanding the genetic code of the Spanish flu virus might help scientists prepare for the next influenza pandemic.

The Spanish flu epidemic seems to have begun in the United States in late spring and early summer of 1918, when doctors reported scattered outbreaks in military installations where recruits were reporting for training before going to France to fight in World War I. By September, when schools opened, it was roiling through the entire population and spreading rapidly to every corner of the world, attacking the young and healthy and killing them, often within days.

The flu virus itself is gone, vanished with the epidemic. But scientists have repeatedly tried to find traces of it,

studying autopsy specimens and even exhuming bodies buried in Alaska where, they hoped, the virus would have remained preserved. Currently, an expedition is being proposed to Spitsbergen, a Norwegian archipelago in the Arctic Ocean, to exhume the bodies of miners who died of the flu.

Dr. Robert Webster, chairman of viral and molecular biology at St. Jude's Children's Research Hospital in Memphis, Tennessee, said an epidemic like that of 1918 "can come again, and it will."

Dr. Joshua Lederberg, a geneticist and Nobel laureate who is president emeritus of Rockefeller University in New York, called influenza "the most urgent, patently visible, acute threat in the world of emerging infections."

"The sooner we can learn what led to anticipate, the more likely we will be able to blunt the next appearance," he said.

Dr. Taubenberger and his team studied specimens from Spanish flu victims that

are among the millions of autopsy specimens the pathology institute has been storing since the Civil War. He requested autopsy slides of the lungs of 198 soldiers who died of the Spanish flu.

Since the flu virus stops replicating within a couple of days after a person is infected, Dr. Taubenberger wanted lung tissue from someone who died within a week after becoming ill, so that there might still be virus particles present. That was possible, he said, because the 1918 influenza strain was so deadly.

"The lungs of some who died in a few days were completely filled with fluids, as if they had drowned," he said. "No one has ever seen that before or since. It was a unique pathology."

Of the 198 cases, 7 met the criteria, but only one had other features that led the researchers to believe flu virus was replicating when the soldier died.

"He was a healthy 21-year-old male with no medical history until he got this," Dr. Taubenberger said.

The soldier died within five days of infection, on Sept. 26, 1918, and in October his lung tissue was shipped to Washington, where it was stored, undisturbed, for nearly 80 years.

With the lung tissue in hand, the researchers began the process of extracting the viral genetic material. The virus carries its genes in eight pieces of RNA that are packaged together in a protein coat. But over the years, the 15,000 nucleotides that make up the viral RNA had broken apart into shards about 200 nucleotides long. The researchers spent nearly two years amplifying the tiny segments of viral RNA so that they would have enough to analyze and assemble like a jigsaw puzzle.

The group has analyzed about 7 percent of the virus, Dr. Taubenberger said, although he expects that he will eventually be able to complete the job. Others, like Dr. Webster, agree, but say it is still uncertain whether that will reveal the secret of the virus's lethality.

Scientists Find Signal to Cells That Sets Off Cancer Growth

By Curt Supplee
Washington Post Service

WASHINGTON — Scientists have identified a biological process that plays a key role in turning healthy cells cancerous. The long-sought sequence of chemical events may be an important factor in as many as 90 percent of colon cancers — one of the most common tumors among Americans — as well as numerous instances of the severe skin malignancy melanoma.

"These are landmark findings," said Dr. Curtis Harris of the National Cancer Institute. In the short term, the chief of the human carcinogenesis laboratory said, the find should make it easier to detect potential colon cancers early. Later it may lead to drugs that can halt or prevent tumor formation by targeting the newly identified chemical culprits.

The same process might also be involved in other forms of cancer. That possibility is sufficiently promising, Dr. Harris said, that "it's worth surveying other tumor types" to see if they share common characteristics with colon cancer and melanoma cells.

Two different research teams, reporting in three papers in the Friday issue of the journal *Science*, found that unusual activity of an otherwise obscure protein called beta-catenin is a prime reason that normal cells transform themselves into seeds of tumors.

This is thought to be the "major initiating event" in the development of colon cancer, said Kenneth Kinzler of Johns Hopkins Oncology Center, a co-author of two of the papers. "What's exciting," he added, is that "not only do we understand what is happening, but we may actually be able to do something about it." A cell becomes cancerous when it accumulates so many errors in its genes that it ceases to behave normally. These errors, or mutations, can result from inheritance and can be caused by destructive outside agents such as radiation, toxic chemicals or viruses.

Whatever the cause, once sufficient mutations arise, a cell begins to disobey the rules that govern cohabitation among cells. It may proliferate wildly, refuse to die on the ordinary schedule for its cell type, migrate to abnormal locations, fail to migrate to proper locations, or engage in other renegade behaviors.

In the case of colon cancer, that happens when cells that line the bowel acquire five to 10 gene mutations. Often it takes only one substantially mutated cell to become the parent of a large, life-threatening tumor, so scientists have been seeking the precise biochemical stages in the mutation process.

Presumably the transformation occurs because some genes in the cells that would ordinarily be permanently inactive are somehow activated. The new studies indicate that the onset of that process is caused by changes in the customary relationship among three proteins that occur normally in colon cells: beta-catenin, APC (short for adenomatous polyposis coli) and TCF/LEF (T-cell factor/lymphoid enhancer factor).

When everything is functioning properly, APC grabs hold of beta-catenin and targets it for chemical disintegration. As a result, beta-catenin levels in the cell remain low. But if something goes wrong with that protection system, beta-catenin starts to build up. As it does, it binds to the TCF/LEF protein, and the pair works its way into the corkscrew spiral of DNA in the cell's nucleus.

Once there, the combined proteins activate one or more still unidentified genes that prompt the cell to run amok, apparently by sending signals to multiply unnaturally or by disabling the standard biochemical instructions that prompt routine cell death, called apoptosis.

Albright Rattled Saber Over Albanian Airlift

By Steven Lee Myers
New York Times Service

WASHINGTON — In the harried hours after gunmen fired at Marine Corps helicopters evacuating Americans from Albania last week, Secretary of State Madeleine Albright suggested sending a larger, stronger force from NATO to occupy Albania's main airport and the port at Durres, administration officials said.

After brief consideration, the idea was rejected when military officials, led by Defense Secretary William Cohen, argued that such a force was not necessary for the evacuation and far too risky a way to stabilize the capital, Tirana, which was lurching toward anarchy.

Within days the discussion became largely academic because Albania calmed down; the evacuation resumed after only a brief suspension.

But Mrs. Albright's idea — the most assertive action discussed by President Bill Clinton's foreign policy advisers a week ago — offered an early example of her thinking as the United States faced the first mini-crisis of her tenure.

"We reviewed very carefully the security needs we had as we dealt with the orderly evacuation," Michael McCurry, the White House spokesman, said Friday in Helsinki as Mr. Clinton met with President Boris Yeltsin of Russia, The Associated Press reported.

"There were substantive discussions about how to protect U.S. citizens," he said, with the aim of "making sure we could accomplish the evacuation that was ordered."

In her four years as the U.S. representative to the United Nations, Mrs. Albright became an advocate for a more muscular approach to foreign policy, particularly in Bosnia-Herzegovina.

A senior administration official said that Mrs. Albright had raised the idea of a larger force as one for consideration, that she had not insisted on it and that she ultimately agreed with military commanders that the evacuations by helicopter were the best and safest action.

Nonetheless, the discussion showed Mrs. Albright's desire "not to be instinctively unwilling to discuss the possibility of using force," the official said. At the same time, it indicated that any



DEADLY GAMES — Avni Tahiri, from Skuke, Albania, lying in a hospital in Tirana after he was wounded by an explosive. Many children have been injured playing with hand grenades they have found on the streets.

more aggressive use of the military is likely to encounter resistance from the more cautious quarters of the Pentagon.

Mrs. Albright did not suggest that the administration embrace appeals by

some in Europe for an international force to stabilize Albania. The United States and the North Atlantic Treaty Organization have rejected those calls. Although it has not ruled out such a force

in the future, the administration has made it clear that it would do nothing to shore up the teetering government of President Sali Berisha, whose autocratic rule has disillusioned Washington.

BRIEFLY

Russia to Keep Rest of Ministers

MOSCOW — Prime Minister Viktor Chernomyrdin said Friday that the interior and defense ministers and the head of the Federal Security Service would not be affected by a cabinet reshuffle under way.

"There will be no personnel changes in any power structures now," he told the State Duma, or lower house of Parliament. President Boris Yeltsin began the cabinet reshuffle Monday; it is expected to be completed next week.

Mr. Chernomyrdin told the Duma that further nominations would be made early next week to fill new posts but added that there would be no more dismissals. (Reuters)

Priebke Is Moved to House Arrest

FRASCATI, Italy — Erich Priebke, the Nazi war crimes suspect, was moved Friday under tight security to house arrest at a Roman Catholic monastery just outside Rome after nearly 16 months in jail. A military court had ruled in favor of a defense request for Mr. Priebke, 83, to be granted house arrest on grounds of worsening mental health.

The former SS captain, accused of involvement in Italy's worst World War II atrocity, was driven through the gates of the San Bonaventura monastery in the winemaking town of Frascati in a Carabinieri paramilitary police patrol car.

Mr. Priebke had been in jail since his extradition from Argentina to Italy in November 1995 to face trial for alleged complicity in the murder of 335 men and boys, 75 of them Jews, in an SS massacre at the Ardeatine Caves south of Rome. Last year, a military court found him guilty of the

March 1944 killings, but the verdict was quashed on appeal last October. A retrial is due to start April 14. (Reuters)

Bildt Assails Yugoslav Accord

SARAJEVO, Bosnia-Herzegovina — Carl Bildt, the international high representative in Bosnia, said Friday that the Yugoslav Parliament had violated the Dayton peace accord by endorsing special ties with the Bosnian Serbs.

Mr. Bildt said Yugoslavia, which comprises Serbia and Montenegro, had been notified that an agreement on closer military and economic ties signed Feb. 23 was not consistent with Bosnia's peace accord and constitution.

"By totally disregarding this, the regime in Belgrade has demonstrated that it is not fully committed to the peace agreement for Bosnia," Mr. Bildt said. (Reuters)

Gdansk Shipyard Plan Praised

GDANSK, Poland — The official handling the receivership of the failed Gdansk shipyard welcomed a government plan Friday to keep part of the company alive, saying it could result in the saving of up to 2,000 jobs.

The Solidarity trade union, meanwhile, continued a nationwide protest against the government by marching in Warsaw and provincial cities in the shipyard's defense.

The Gdansk shipyard receiver, Andrzej Wiercinski, said he would study Prime Minister Wlodzislaw Cimoszewicz's proposal for the yard, unveiled Thursday, which provides for using the firm's assets to build five ships for PZM, a Polish merchant shipping company. (Reuters)

TRAVEL UPDATE

Worldwide Air Travel Jumped 6% in 1996

GENEVA (Reuters) — World airports reported Friday that passenger traffic rose more than 6 percent in 1996, with the economies of the Asia-Pacific region leading the surge.

In addition, a global survey of 437 members by the Airports Council International found that while Chicago's O'Hare airport remained the world's busiest passenger hub, Los Angeles had replaced Dallas-Fort Worth in third place, behind Atlanta.

Los Angeles also pushed Tokyo's Narita airport out of second place in the cargo listing, while Memphis in Tennessee, where Federal Express Inc. has its headquarters, remained No. 1.

Seoul moved to 9th place from 11th place in both the passenger and cargo listings, with growth of 12 percent.

A total of 2.5 billion people passed through all reporting airports in 1996.

The largest growth came in the Asia-Pacific region, where 377 million people passed through airports, an increase of just under 7 percent from 1995. North American airports reported an increase of 6.3 percent and a passenger total of 1.2 billion. Europe pos-

ted growth of 6.2 percent, with passengers totaling 733 million.

Air France Strike Off

PARIS (Reuters) — Air France pilots unions decided Friday to delay a four-day strike that was to have started Sunday.

"Seventy percent of the pilots at the general assembly voted for a delay in the strike," an Air France spokesman said.

The airline's chairman, Christian Blanc, had threatened to resign if the work stoppage went ahead.

Amtrak will close two U.S. routes May 10, discontinuing Pioneer service from Denver to Seattle and Desert Wind service from Salt Lake City to Los Angeles, the U.S. passenger rail service said. (AP)

The Japanese Ministry of Transportation said it had asked the U.S. Federal Aviation Administration to instruct Northwest Airlines to improve its maintenance operations in Japan, based on a finding that 40 percent of all incidents of mechanical trouble on flights using Narita airport involved Northwest. (Reuters)

RELIGIOUS SERVICES

AMSTERDAM
CROSSROADS INTERNATIONAL Church, interdenominational, 4, 1st de Plein, Colosseum, 11:30 a.m. / Kids Welcome. De Castelestraat 3, S. Amsterdam Info: 020-641 8912 or 020-640 8283.

FRANCE/TOULOUSE
HOPE INTERNATIONAL CHURCH (Evangelical), 4, 1st de Plein, Colosseum, 11:30 a.m. / Kids Welcome. De Castelestraat 3, S. Amsterdam Info: 020-641 8912 or 020-640 8283.

NICE Holy Trinity (Anglican), 11 rue Buffa, Sun 11: VESPER 8:30 p.m. Tel: 06 62 74 11 55.

FRENCH RIVIERA/CÔTE D'AZUR
NICE: Holy Trinity (Anglican), 11 rue Buffa, Sun 11: VESPER 8:30 p.m. Tel: 06 62 74 11 55.

MONTE CARLO
MONACO CHRISTIAN FELLOWSHIP, 9, rue Louis Notary, Monte Carlo. Tel: 377 92 18 56 47.

MUNICH
INTERNATIONAL COMMUNITY CHURCH, Evangelical Bible Believing services in English 4:30 p.m. Sundays at Englishers, 10 (U2 Theaterstr.) (089) 893-8617.

PARIS and SUBURBS
EMMANUEL BAPTIST CHURCH - An evangelical church in the western suburbs, all are welcome, 9:45 First Service concurrent with Sunday School, 11:00 Second Service with Children's Church. French Service 6:30 p.m. 56, rue des Bons-Raisins, 92500 Rueil-Malmaison. For info, call 01 47 51 29 83.

HOPE INTERNATIONAL CHURCH (Evangelical), 4, 1st de Plein, Colosseum, 11:30 a.m. / Kids Welcome. De Castelestraat 3, S. Amsterdam Info: 020-641 8912 or 020-640 8283.

SAINT JOSEPH'S CHURCH (Roman Catholic), 11:45 a.m. Holy Eucharist and Sunday School, Nursery Care provided. Seyofostrasse 4, 81545 Munich (Germany). Tel: 49 89 84 81 85.

TOKYO
ST. PAUL INTERNATIONAL LUTHERAN CHURCH, near Iidabashi Stn. Tel: 3201-3740, Worship Service 9:30 a.m. Sundays.

TOKYO UNION CHURCH, near Ohtaomae Station. Tel: 3400-0047, Worship Service: Sunday - 8:30 & 11:00 a.m., 98 & 9:45 a.m.

SWITZERLAND
BASEL CHRISTIAN FELLOWSHIP (Evangelical), 4, 1st de Plein, Colosseum, 11:30 a.m. / Kids Welcome. De Castelestraat 3, S. Amsterdam Info: 020-641 8912 or 020-640 8283.

ZURICH-SWITZERLAND
ENGLISH-SPEAKING CATHOLIC MISSION, St. Anton Church, Minervastrasse 63 Sunday Mass: 8:30 a.m. & 11:30 a.m. Services held in the crypt of St. Anton Church.

THE EPISCOPAL CHURCH OF EUROPE (Anglican)
PARIS and SUBURBS

THE AMERICAN CATHOLIC OF THE HOLY TRINITY, Sun 9 & 11 a.m., 10:45 a.m. Sunday School for children and Nursery care. Third Sunday 5 p.m. Evening Service, 23, avenue George V, Paris 75008. Tel: 33 01 53 22 84 00. Mgr: George V or Alma Marceau.

FRANKFURT
CHURCH OF CHRIST THE KING (Episcopal/Anglican), Sun. Holy Communion 9 & 11 a.m. Sunday School and Nursery 10:45 a.m. Sebastian Platz 8, 22, 60328 Frankfurt, Germany. U1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

GENEVA
EMMANUEL CHURCH, 1st & 3rd Sun. 10 a.m. Eucharist; 2nd & 4th Sun. Morning Prayer. 3 rue de Montparnasse, 1201 Geneva, Switzerland. Tel: 41 22 732 80 78.

MUNICH
THE CHURCH OF THE ASCENSION, Sun. 11:45 a.m. Holy Eucharist and Sunday School, Nursery Care provided. Seyofostrasse 4, 81545 Munich (Germany). Tel: 49 89 84 81 85.

ROME
ST. PAUL'S WITHIN THE WALLS, Sun. 8:30 a.m. Holy Eucharist; 10:30 a.m. Choral Eucharist; 11:15 a.m. Choral Eucharist; 12:15 p.m. Choral Eucharist; 1:30 p.m. Choral Eucharist; 2:30 p.m. Choral Eucharist; 3:30 p.m. Choral Eucharist; 4:30 p.m. Choral Eucharist; 5:30 p.m. Choral Eucharist; 6:30 p.m. Choral Eucharist; 7:30 p.m. Choral Eucharist; 8:30 p.m. Choral Eucharist; 9:30 p.m. Choral Eucharist; 10:30 p.m. Choral Eucharist; 11:30 p.m. Choral Eucharist; 12:30 a.m. Choral Eucharist; 1:30 a.m. Choral Eucharist; 2:30 a.m. Choral Eucharist; 3:30 a.m. Choral Eucharist; 4:30 a.m. Choral Eucharist; 5:30 a.m. Choral Eucharist; 6:30 a.m. Choral Eucharist; 7:30 a.m. Choral Eucharist; 8:30 a.m. Choral Eucharist; 9:30 a.m. Choral Eucharist; 10:30 a.m. Choral Eucharist; 11:30 a.m. Choral Eucharist; 12:30 a.m. Choral Eucharist; 1:30 a.m. Choral Eucharist; 2:30 a.m. Choral Eucharist; 3:30 a.m. Choral Eucharist; 4:30 a.m. Choral Eucharist; 5:30 a.m. Choral Eucharist; 6:30 a.m. Choral Eucharist; 7:30 a.m. Choral Eucharist; 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Senate Forges Deal to Certify Mexico as Ally in Drug Fight

By Helen Dewar
Washington Post Service

WASHINGTON — The Senate has overwhelmingly approved a delicately balanced compromise to continue President Bill Clinton's certification of Mexico as an ally in fighting illegal drugs, while criticizing its performance and setting goals for progress.

The proposal, approved 94 to 5 on Thursday, stops far short of a bill passed by a narrower margin in the House last week to give Mexico 90 days to meet specific goals or face automatic decertification.

[Mexico, furious after the House vote last week, welcomed the Senate measure, which it said would aid cooperation between the countries, Reuters reported. "Reason, sensitivity and a desire to cooperate prevailed over sheer recrimination," Foreign Minister Jose Angel Gurría said.]

The House will seek a conference on the legislation, according to a spokesman for Richard Armitage, Republican of Texas and the House majority leader. But the deadline for Congress to overturn Mr. Clinton's certification will pass while both chambers are on a two-week Easter recess, meaning his action will stand.

The idea behind the Senate action was "not to hit the Mexicans in the face but bring them to the table," said Senator Kay Bailey Hutchison, the Texas Republican joined Senators Paul Coverdell, Republican of Georgia, and Dianne Feinstein, Democrat of California, to work with the administration to produce the compromise late Wednesday.

Senators attributed their more conciliatory approach to several factors, including the chamber's tradition of compromise on sensitive foreign policy issues and concerns that provocative action could threaten economic and security relations with Mexico and impede future anti-drug cooperation.

"Anyone who knows Mexico knows that there would be an anti-American backlash," said Senator John McCain, Republican of Arizona.

While expressing disappointment that the bill was not tougher, the Senate majority leader, Trent Lott of Mississippi, said, "We need closer, not less, cooperation."



Lawmakers meeting reporters after the House voted, 295 to 136, in favor of a ban on partial-birth abortions.

House Finances Fund-Raising Inquiry

The Associated Press

WASHINGTON — After Republican leaders negotiated with party rebels over a spending bill for Congress, the House passed legislation Friday to finance its investigation of illegal campaign fund-raising practices.

The House, voted 213 to 179, to approve a resolution that would provide \$3.8 million for the campaign finance investigation and \$7.9 million in discretionary money that could be used for that inquiry or others.

The vote came a day after 11 conservative Republicans voted with Democrats to block a bill that would have raised spending for 19 House committees by \$22 million. Hearings could begin in four to six weeks.

At a Thursday night caucus that lasted nearly two hours, House Republicans agreed to freeze spending of 19 House committees at current levels for 30 days, but approve the extra money for the investigation. The deal put off a fight over the leadership's plan to increase spending for House operations by \$22 million.

The House minority leader, Richard Gephardt, Democrat of Missouri, said the proposal showed "the No. 1 priority

of the Republican leadership is to carry on an investigation of the Democratic administration above everything else."

The procedural snarl came as the director of the FBI, Louis Freeh, confirmed in Senate testimony that a grand jury investigating campaign abuses was looking at whether a foreign government sought to influence U.S. policy with illegal political donations.

"That is really the heart of part of our grand jury hearings," Mr. Freeh told the Senate Appropriations subcommittee on foreign operations.

The House vote marked the second time in two weeks that congressional Republicans faced a rebellion in their ranks over the campaign finance investigation.

Last week, Senate Republicans abruptly changed course and voted to expand their investigation to include improprieties in congressional campaigns as well as the presidential race.

Late-Term Abortion Is Banned

John E. Yang of The Washington Post reported.

The House voted overwhelmingly Thursday to outlaw a controversial abortion procedure, renewing a fight

with President Clinton that produced a veto of an identical measure last year.

Lawmakers approved a ban on what anti-abortion groups call "partial birth" abortions by a vote of 295 to 136, a bigger margin than in the vote last year and enough to override a likely veto. The vote gave the Republican leadership a much-needed victory as Congress heads home for the two-week Easter recess. The action also gave the bill momentum in the Senate, where it will be considered after the recess.

The question now is whether Republican gains in the Senate in November will produce a veto-proof majority. "Right now we probably don't have the votes to override a veto, but it's getting closer," said Trent Lott, the Senate majority leader.

Last year, the House voted to overturn Mr. Clinton's veto, but Senate leaders could not muster the necessary two-thirds majority.

The measure would outlaw abortions that involve pulling a fetus out of the birth canal feet first, puncturing the back of the fetus's head and removing the brain; that permits the skull to be partly collapsed and brought through the cervix, the narrowest part of the birth canal.

The bill would subject doctors who perform the procedure to fines and up to two years in prison. Such abortions could be carried out only if no other procedure could save the woman's life.

Away From Politics

Many Americans believe the news media are inaccurate, intrusive and unfair, according to a survey by the Pew Research Center for the People and the Press. Fifty-six percent said news stories are filled with wrong information, and 67 percent said news organizations are often biased when reporting on politics and social issues. (AP)

The highest-ranking defendant in an investigation of sexual misconduct at the Aberdeen Proving Ground in Maryland was sentenced to four months in prison and dismissed from the army after he pleaded guilty to adultery and sodomy. Military prosecutors dropped charges of rape and indecent assault against Captain Derrick Robertson. (NYT)

TWA-Missile Theory Assailed

Radar Blip Was Navy Jet, Not Missile, Investigator Says

The Associated Press

NEW YORK — A blip on a radar tape of the night sky just before TWA Flight 800 exploded off New York in July belonged to an unarmed navy plane that was passing 7,000 feet above the jetliner, the FBI's chief investigator says.

Pierre Salinger, a former reporter for ABC News, and others assert that they have obtained authentic radar tapes showing a missile racing toward the TWA plane moments before it blew up.

But James Kallstrom, in his first public explanation of the blip, said the Federal Aviation Administration tape showed an unarmed Navy P-3 Orion flying at

20,000 feet, with the knowledge of air traffic controllers but without a working transponder, which allows controllers to monitor and identify an aircraft.

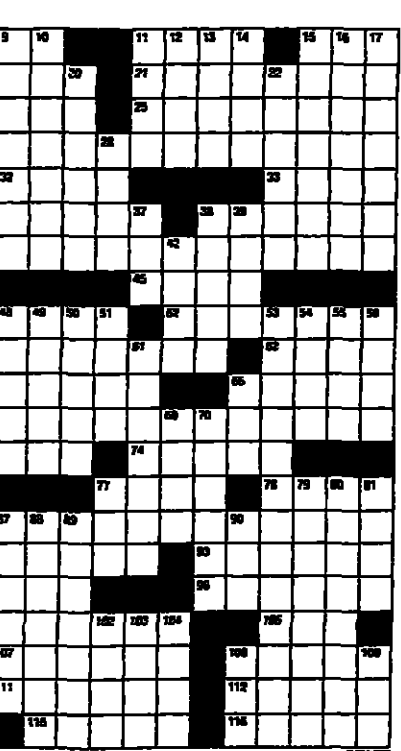
"When your transponder is not on, it shows on the radar screen as a solid line," Mr. Kallstrom said. "And if you look at that, I guess if you're a school kid, you could say that looks like a missile or a cigar or a pencil."

Mr. Kallstrom said the line made it appear as though the planes nearly intersected, although the Boeing 747 was flying at only 13,600 feet (4,100 meters) when the P-3 crossed overhead moments before the explosion.

POP CULTURE, By Bryant White

- ACROSS
- 1 Haughty refusal
 - 6 Sternward
 - 11 Surveyor's chart
 - 15 Where scissors are made?
 - 18 St. Theresa's birthplace
 - 19 Edit, possibly
 - 21 "An American in Paris" actress
 - 23 — Orchestra (popular 30's band)
 - 24 The Beatles' "I'm —"
 - 25 Case
 - 26 Slang refusal
 - 27 Pop setting for a Misogyny work?
 - 29 Spiral —
 - 32 Products of gamma rays
 - 33 Thatching palm
 - 34 Horse's father
 - 35 Kind of fence
 - 38 Comes down pretty hard

- 40 Pop Anthony Burgess novel?
- 43 Prefix with drama
- 44 Louis I, to Charlemagne
- 45 College building
- 46 "— beam up"
- 48 Big dogs, for short
- 52 Glides
- 57 Pop title role in a 1993 film?
- 62 Epithet of Athens
- 63 Pitches, in a way
- 64 Trifling
- 65 Disagreeable sorts, in slang
- 66 Actress Russo
- 67 Pop dance team, informally?
- 71 Hero sandwich
- 73 Joke fragments
- 74 Containing the 58th element



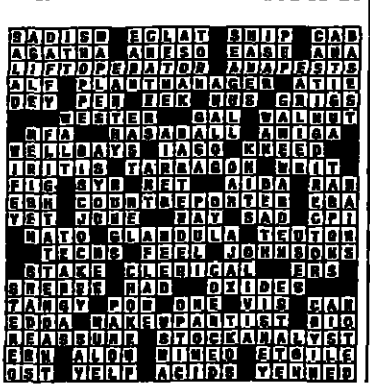
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- DOWN
- 1 Collar
 - 2 Dissolve
 - 3 Where charges may show up
 - 4 Pop Peace Nobel?
 - 5 "Norman —"
 - 6 Kind of summit
 - 7 Hungarian revolutionary
 - 8 M.P.'s prize
 - 9 Fearless one
 - 10 Vibrating effect
 - 11 1957 Nabokov novel
 - 12 Scourge of serge
 - 13 Amphora handle
 - 14 "Jour de Fête" star
 - 15 Kin of "Sacré bleu!"
 - 16 Swallows
 - 17 Shallow bay on England's east coast
 - 20 Swedish money
 - 22 "Cleopatra" extra
 - 28 Jimmy Carter's mother: Abbr.

- 29 Linguist Chomsky
- 30 Tavern need: Abbr.
- 31 Solicit
- 32 Obsession, e.g.
- 35 Soph. and others
- 37 Cricket wicket
- 38 Mideast inn
- 39 Math units
- 41 1984-88 Olympic figure-skating gold medalist
- 42 "No kidding!"
- 47 Cyst
- 48 Truman's birthplace
- 49 Burlesque activity
- 50 Part of storming calisthenics
- 51 Holdup
- 53 Pop product at a barbershop?
- 54 "It was — joke!"
- 55 Protest in no uncertain terms
- 56 Ed.'s request
- 57 1978 Irving character
- 58 Graphic beginning

- 59 Alphabet quartet
- 60 Tormented
- 61 Draws
- 65 Language authority Mario
- 67 Unclear
- 68 Fastballer known as "The Express"
- 69 Bills
- 70 Waves at, perhaps
- 72 One of a storied threesome
- 76 Goose egg
- 77 Lion's prey
- 79 Open, in a way
- 80 How a siren walks
- 81 He sank with the Schurhorst
- 82 Park item
- 83 Insulin, e.g.
- 84 Oses providing arms
- 85 Thin, overseas
- 86 Picture, commercially
- 87 Cold pack?

Solution to Puzzle of March 15-16



POLITICAL NOTES

Tax Cut Skirmish

WASHINGTON — An offer by Newt Gingrich, speaker of the House, to put off action on a tax cut temporarily continued to draw fire from conservatives as 17 Senate Republicans vowed to oppose any balanced budget agreement that does not include a significant tax break.

Senator Rod Grams, Republican of Minnesota and until now a staunch Gingrich ally, declared Thursday that the speaker "ought to be ashamed" for retreating on the tax issue.

"If we, as the majority, cannot deliver on this one fundamental promise we made to the voters, we will have abandoned the taxpayers," said Mr. Grams, a former House member. "In doing so, we, the Republican majority and the Congress as a whole, will have raised significant questions about our desire, and ability, to lead this nation."

Mr. Gingrich and other House leaders insist that they will press for passage of a major tax cut later this year, once that a deal to balance the budget by 2002 is locked in. John Kasich, Republican of Ohio and the House Budget Committee chairman, said Congress would simply stagger its work on the budget this year, passing "bite-size pieces," including a tax bill as its final act. (WP)

phrase "acts of God" be changed to "natural disasters." The House of Representatives refused Thursday to remove the offending phrase, but added the words, "or natural disasters" after the words "acts of God."

Mr. Huckabee was away from the capital, but his press secretary, Rex Nelson, said the governor would not decide whether to accept the amended version until the Senate had considered the language. (NYT)

A Taiwan Stopover

WASHINGTON — Newt Gingrich is arranging a stopover in Taiwan after conservatives questioned the itinerary of an Asian trip that included China but not its rival.

Mr. Gingrich's office said he intended to visit Taipei, but the details remained to be worked out. "The speaker has expressed interest in visiting Taiwan," a spokeswoman said. "We are now working with the logistical details to decide if this stop would be possible."

At the urging of conservatives, the Georgia Republican changed course Wednesday and said he would try to add a stop in Taiwan to an Asian trip that includes visits to China, Japan and South Korea. (AP)

Quote/Unquote

Nicholas Burns, the State Department spokesman, after a reporter wondered if a visit by Secretary of State Madeleine Albright to the Jesse Helms Center in Wingate, North Carolina, was kowtowing to the Senate Foreign Relations Committee chairman, Jesse Helms: "Sometimes you can't just go to Cambridge, Massachusetts, New York and Los Angeles. You've got to go to Wingate, North Carolina. You've got to go to Alabama, where the secretary hopes to travel in a couple of months. You've got to go to the Midwest and the Rocky Mountain States because that's where the American people are. They're not just living up there in the Athens of America up there in Boston, Massachusetts." (IHT)

Magazine Cover Called Racist

Agence France-Presse

WASHINGTON — A caricature of a slanty-eyed, bucktoothed President Bill Clinton for a U.S. magazine's cover story about the Asian campaign finance scandal has sparked charges of racism.

"The cover is offensive," Frank Wu, a law professor, said of the drawing in the National Review, which shows the first lady, Hillary Rodham Clinton, in a Mao uniform and Vice President Al Gore in Buddhist robes.

"This isn't just about Asian-Americans, this is also about anyone else who might be implicated in another scandal through racial association," he added.

The magazine has been flooded with demands from Asian-American activists for an apology, which the editor vehemently rejects.

"They have made vile and slanderous attacks on the magazine, and we are demanding an apology ourselves," said the editor, John O'Sullivan.

On Wednesday, May 28, 1997, as the 50th anniversary of the Marshall Plan approaches, the International Herald Tribune will publish a Special Report on

The Marshall Plan and its Legacy

Among the distinguished contributors will be:

- **Stephen E. Ambrose**, presidential historian and best-selling author, will provide a look back at the plan — its birth and the motives, vision and politics that drove one of the century's boldest moves.
- **Joseph Joffe**, the widely respected foreign editor and columnist of the *Süddeutsche Zeitung*, will look back at the Plan's impact on a defeated Germany, how it may have helped shape the post-war personality of its people and the nation itself, what endures today, and whether the same concepts that made such movements necessary 50 years ago can work today in the east and elsewhere.
- **Michel Crozier**, French sociologist and author, who studied at Harvard as a young man under Marshall Plan funding, will bring alive both the reality of the immediate post-war years in France and central Europe as the continent struggled for momentum and the perspective of Europe 50 years later.
- **U.S. Secretary of State Madeleine Albright** will write about what she sees as the Marshall Plan's relevance today, as governments seek a new departure for post-cold war Europe.
- **Art Buchwald**, humorist and columnist, who chronicled the high-jinks and low-jinks of post-war Paris for the *International Herald Tribune* for so many years, will remind us of what it was like there in the late 1940s and early 1950s when Americans resumed their love affair with France and poured dollars, movies and lots of other things into the continent.
- **Flora Lewis**, the distinguished columnist of *The New York Times*, will reflect upon the truly revolutionary aspect of the Plan, which was not really the ability to finance it but rather the imposition of cooperation, the forcing of a new way of working together upon countries and markets.
- **Joe Fitchett**, the IHT's veteran political correspondent, will take us through the colorful yet less grand aspects of these amazing 50 years. The by-products of the Plan were extraordinary, everything from apple orchards in France to the expansion of U.S. covert action to penetrate French Communist trade unions.
- **Barry James**, another venerable IHT correspondent, will remind us of the different ways that European countries — especially France, Italy and the UK — responded to the plan and to each other, how that era provided a glimpse of attitudes that still prevail today, and how one European in particular, Jean Monnet, sought to turn these disparate efforts and attitudes into lasting political achievements and European institutions.

For more information about advertising in this Special Report, please contact Bill Mahder in Paris at (33-1) 41 43 93 78 or fax (33-1) 41 43 92 13 or e-mail: supplements@iht.com.



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CHINA: Model City Reflects Clean Values

Continued from Page 1

President Jiang Zemin has seized on spiritual civilization, with its Confucian-style order and civility, as a political rallying cry. Mr. Jiang clearly would like to cut a middle path between his two predecessors, recalling the collective spirit inspired by Mao but preserving the economic realism brought by Mr. Deng.

Politically, it makes sense for Mr. Jiang to latch on to a campaign for something vague and airy enough that it is hard for rivals to object. His supporters argue that the campaign for cleanliness and order has had a noticeable effect in many cities, including Beijing and Shanghai.

Mr. Jiang singled out Zhangjiagang as a model after visiting in 1995. Since then this city of 820,000 has been besieged with visitors, more than 1.5 million of them, mostly provincial officials who come on government-paid inspections.

It is a pleasant surprise. Clean and orderly, Zhangjiagang has freckled red-tile sidewalks and a main shopping street that is permanently closed to traffic. Long rows of bicycles are parked neatly within white paint lines, service at most stores is pleasant and smoking is banned in virtually all public places.

In place of Mao's "Little Red Book," residents are required to study a green booklet that sets out contemporary rules of conduct, like being nice to one's parents and wrapping garbage in a plastic bag before discarding it.

Litterers are considered public enemies, and if their offense does not sound quite as grave as capitalism, the main enemy in Mao's time, the authorities take it seriously. A litterbug caught in the act is fined \$65, nearly a month's salary for the average worker.

"We have two paths, and they are intertwined," said Zhou Baoxing, a senior city official, "economic development on one side, and spiritual civilization on the other."

Zhangjiagang's almost fanatical pursuit of cleanliness points more to the unusual efforts of its own leaders than to anything that could realistically set an example to be followed. An ambitious

local party chief, Qin Zhenhua, is widely credited with winning his city national praise by relentlessly pursuing spiritual civilization, and making sure it dovetails with the priorities articulated in Beijing.

"Most Chinese politicians get ahead by keeping their heads down," said Jiang Xiaoying, a city official. "Qin is just the opposite."

Since 1992, Mr. Qin has transformed Zhangjiagang by tearing down old homes and putting up modern and tasteful concrete blocks that are carefully surrounded by lawns and greenery, which is rare in most of China.

"Our students have to fold their sheets perfectly, like a sharply cut square of tofu," said Wu Guangying, a teacher at the local boarding school. "Like in the army."

"With discipline you can be free," she added.

For anyone who looks closely, there are, as might be expected, a few telltale signs of the planning that feeds the enthusiasm widely expressed here.

At the home of Ge Jincai, where as many as 1,000 visitors a day are brought to see how the lives of farmers have improved, Mrs. Ge admits that she is obliged to smile no matter how many unannounced visitors show up, because city authorities paid to renovate her house for the purpose.

"We get so many visitors, I can't

Leading Colombian Editor Is Murdered; Killing of Journalist Is the 2d in 2 Days

Reuters

BOGOTA — A leading newspaperman was fatally shot in the southwestern city of Cali, the second slaying of a Colombian journalist in two days, the authorities said Friday.

The police said Gerardo Bedoya Borrero, 55, director of the editorial section of El Pais newspaper in Cali, was shot six times by a gunman as he left an apartment building Thursday evening. He died instantly. His killer sped off on a motorcycle.

A former congressman and Colombian representative to the European Union, Mr. Bedoya took up his post at El Pais five years ago. He had also been managing editor of the Bogotá-based opposition daily El Nuevo Siglo.

Mr. Bedoya had campaigned for

El Pais's editorial pages against the government of President Ernesto Samper and the corrosive influence of the drug trade on virtually all walks of life in Colombia.

"I prefer gringo intervention in our internal affairs to that of the drug cartels," he wrote in a recent column, referring to perceived U.S. meddling in Colombian affairs.

The killing came a day after Freddy Elías, a photographer for Bogotá's El Espectador newspaper and El Heraldo de Barranquilla, was found handcuffed and stabbed to death in the port city of Cartagena.

More than 100 journalists have been killed in Colombia since 1975, according to the Interamerican Press Association.

believe what some of them do to the bathroom," Mrs. Ge said in a frank aside. "We're not allowed to complain, but it gets a bit tiresome."

Though local officials like to point to all the awards Zhangjiagang has won — "National Sanitation City" of 1994 is a favorite — they hesitate before asserting that what they have achieved can be

transferred all over China. In much of the city, however, life seems normal, if extra tidy.

"I never really thought about this town being a model until I went to work for the government," Miss Jiang said. "Officials always talk about it, but for ordinary people Zhangjiagang is just a nice place to live."

ALBANIA: Revolt Deteriorates Into a Vague, Lawless Tantrum

Continued from Page 1

Gozhita, a retired general who has taken charge of the uprising in Gjirokastra, said that the municipal government was operating under orders from his new military command.

Mr. Gozhita allowed that "there are problems with criminals and thieves, but we are putting things in order." He said the police department would be reorganized under his direction and, he hoped, that would soon bring calm.

But he emphasized that Gjirokastra, like other towns, was "absolutely sup-

portive" of Prime Minister Bashkim Fino and the rest of the new, broad-based government that Mr. Berisha grudgingly appointed in Tirana — as long as it proves independent of Mr. Berisha.

Mr. Fino "will normalize the situation," Mr. Gozhita said. "But if Berisha doesn't resign, there will be problems. People have weapons and they will give back their weapons only when Berisha is out."

Rebels Demand a Voice

Rebel leaders in the south again called on President Berisha to resign.

but drew back from an earlier threat to set up a rival government, Reuters reported Friday from Tirana.

Representatives of 14 rebel-held southern towns who have formed a National Committee of Public Salvation said they were ready to cooperate with the new national unity government under Prime Minister Fino.

They called for a voice in the political discussions and demanded that the government "neutralize" institutions helping Mr. Berisha remain in power, such as the state-run media and the secret police.

TRADE: China Defends Surplus With U.S.

Continued from Page 1

China hit \$3.72 billion in January. Beijing is concerned that members of Congress could try to prevent the renewal of the status, which lowers or eliminates import duties on many goods, on the grounds that the trade deficit was too large and showed strong Chinese protectionism.

Mr. Sun said he hoped that the visit next week by Vice President Al Gore would help develop mutual trust, and he hinted the trip might coincide with the signing of major contracts.

"I would not exclude the possibility of the signing of some contracts," he said. He said a deal for the sale of Boeing aircraft to China was among the possibilities, though he noted that the companies involved still needed to agree on terms.

The U.S. trade deficit with China in 1996 was \$39.52 billion, according to Washington, while Beijing's figures put the shortfall at \$10.53 billion.

"Statistics prove it is true that Chinese-U.S. trade has been in favor of China in recent years," Mr. Sun said, "but it is obvious that the size of the U.S. deficit has been largely exaggerated by the U.S. side."

He added that Beijing was making its utmost efforts to open its markets to foreign competition and cut tariff rates and that the United States also needed to make efforts to cut the imbalance.

"This issue requires efforts from both sides," Mr. Sun said. "We hope the United States will relax sanctions on technology exports to China, as that is where the U.S. has advantages."

(AFP, Reuters)

Deficit Complicates Gore Visit
David E. Sanger of The New York Times reported earlier from Washington.

The rising trade deficit with China will further complicate the politics of Mr. Gore's trip to Beijing.

Aides had made clear that they wanted to steer from economic issues during Mr. Gore's visit, in large part because questions of trade policy have

lurked just beneath the surface of the investigations into Asian donations to the Democratic presidential campaign.

But the figures released Thursday showed that the trade deficit with China in January increased by \$1 billion over the \$2.7 billion in January 1996. The widening disparity continues a trend suggesting that the trade gap with China this year will rival the one with Japan. That adds pressure on the administration to force Beijing into lowering an array of trade barriers in negotiations, under way in Geneva, concerning China's entry into the World Trade Organization.

Mr. Gore had hoped to make only glancing references to the subject with Chinese leaders next week. But as one senior administration official said Thursday, "This is not the time to appear soft on Chinese trade issues."

C. Fred Bergsten, the director of the Institute for International Economics, who has been deeply involved in Asian trade issues, said: "There's no question now that Gore will have to go harder on market-access issues."

The pressure on the administration also increased because three top Democrats, including Richard Gephardt of Missouri, the House minority leader, have introduced legislation requiring a congressional vote before Washington could agree to let China join the WTO.

White House officials have said in the past that they would "consult" with Congress on the issue, but they want to avoid a lengthy debate that could link Beijing's human rights record or arms proliferation to its membership in the club of trading nations.

"This is not a garden-variety entry into the WTO," said Mr. Gephardt, who is widely considered a potential rival to Mr. Gore for the Democratic presidential nomination in three years. "There are enormous implications of how this is done, for every worker in America and every major company in America."

Mr. Gore's aides changed course on one element of the trip, saying that the vice president would definitely attend the signing of a deal to sell roughly \$1 billion in Boeing aircraft to China, if the deal is sealed in time for his visit.

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UN Sees Burma In Grip of Fear

Report Cites Rights Abuses

GENEVA — Torture, executions, forced labor and rape remain widespread in Burma as the military junta tightens its reign of terror over the population, according to a United Nations report.

The report accused authorities of further clamping down on opposition activists led by Daw Aung San Suu Kyi and on the student movement.

"There is essentially no freedom of thought, opinion, expression or association," said the report by Rajsmoor Lallah, a UN investigator from Mauritius.

"Because of both visible and invisible pressures, the people live in a climate of fear in which whatever they or their family members may say or do involves the risk of arrest and interrogation."

Laws that reduced civil liberties still further were imposed in 1996, he said.

More than 100,000 people were forcibly moved from their homes last year in counterinsurgency operations against regions populated by ethnic minority groups, Mr. Lallah said.

"Relocation sites consist mainly of a large and empty piece of land surrounded by fences or barbed wire and near a military camp," he said.

People suspected of sympathizing with rebels from the Karen minority group have been subjected to torture, rape and execution, Mr. Lallah said.

The report will be considered by the UN Human Rights Commission, which is currently holding its annual session.

Burma is the subject of special scrutiny under a procedure reserved for nations with the worst records.

The Burmese diplomatic mission to the United Nations had no immediate comment on the report.

EU to Strip Burma of Trading Privileges

The European Union has agreed to strip Burma of special trading privileges in response to concerns over the human rights record, Reuters reported from Brussels.

Diplomats said the decision had already been cleared and would be confirmed by EU foreign ministers at a meeting in Brussels on Monday.

The move followed recommendations by the European Commission to withdraw Burma's eligibility for so-called Generalized System of Preferences trade benefits on agricultural and industrial products.



General Singirok, left, with some of his supporters Friday at the Murray Barracks in the capital.

Mercenaries Leave Papua New Guinea

PORT MORESBY, Papua New Guinea — Dozens of foreign mercenaries hired by the government to put down a rebellion on the island of Bougainville went home Friday, leaving behind a standoff between the army and the government.

About 50 mercenaries flew out of Port Moresby, expelled by the soldiers they were intended to have fought alongside.

"They wanted to go home," said Major Walter Enuma, the soldier in charge of expelling the mercenaries. "As far as they are concerned the adventure is over for them."

The crisis began Monday when the head of the army, Brigadier General Jerry Singirok, demanded that Prime Minister Julius Chan resign for hiring the mercenaries to put down the Bougainville uprising.

Mr. Chan promptly dismissed the general, who still

commands the loyalty of the army rank and file and most officers. He has kept up the pressure on Mr. Chan to step aside while urging his supporters not to join in the unrest or to clash with the police.

Mr. Chan and the government retain the loyalty of the police, whose rivalry with the army dates from the days before independence from Australia in 1975.

Protests against the prime minister spread to the country's main university and to the provinces, although the police managed to prevent any street violence in the capital after dozens of people were hurt in rioting on previous days.

Radio reported that rioting had spread outside the capital Friday, with the police firing tear gas to disperse thousands of demonstrators in Lae, to the north.

The dismissed general demanded Friday that Mr. Chan and two senior ministers resign by Tuesday.

American Official Sees Hope in Timor

DENPASAR, Indonesia — A U.S. human rights official described the situation in East Timor on Friday as one of "considerable tension" but said a new United Nations initiative to reach a solution had sparked some hope.

John Shattuck, the U.S. assistant secretary of state for democracy, human rights and labor, said he concluded his visit to the territory ruled by Indonesia with hope "that the discussion of human rights and the future of East Timor can proceed to a new level."

Mr. Shattuck left Dili, the capital of East Timor, earlier Friday after a 24-hour visit to the former Portuguese colony, which was invaded by Indonesia in 1975 and annexed a year later.

He met there with local government and military officials; the Nobel Peace Prize laureate, Bishop Carlos Ximenes Filipe Belo, human rights activists, and heads of nongovernmental organizations.

officers could be training alongside U.S. forces within a year, Admiral Prueher said.

Admiral Prueher added, "Vietnam's place is an important one" in the Asia-Pacific region.

He met there with local government and military officials; the Nobel Peace Prize laureate, Bishop Carlos Ximenes Filipe Belo, human rights activists, and heads of nongovernmental organizations.

U.S. Military Seeks Links With Vietnam

HANOI — The U.S. commander in chief for Asia-Pacific forces called Friday for stronger military links with Vietnam, a one-time enemy, to help promote greater Pacific Rim security.

Admiral Joseph Prueher met with his Vietnamese military counterparts and Defense Ministry officials to discuss areas of cooperation with the United States. He suggested joint training, equipment and personnel exchanges and tactical discussions.

Although military cooperation with Hanoi should not outpace the development of diplomatic and economic relations, Vietnamese Army

officers could be training alongside U.S. forces within a year, Admiral Prueher said.

Admiral Prueher added, "Vietnam's place is an important one" in the Asia-Pacific region.

Violence Disrupts Sri Lankan Election

COLOMBO — A bomb rocked a village, and fighting was reported in many parts of Sri Lanka on Friday as islanders voted in council elections seen as the first political test for the government of President Chandrika Bandaranaike Kumaratunga.

Sri Lankan authorities, acting to prevent postelection violence, tightened security soon after polling closed, officials said.

Election officials said counting of votes had begun in 1,300 centers in 17 districts of the island, but results will only be available Saturday. (Reuters)

North Korea to Get 2 Food Shipments

WASHINGTON — Two U.S. shipments of food aid to North Korea totaling 27,000 metric tons will arrive in the North Korean port of Nampo in the first half of May, the State Department said Thursday.

The State Department spokesman, Nicholas Burns, said that the first ship, a vessel with a U.S. flag, would arrive about May 4 and that the second, bearing an unidentified foreign flag, would dock about May 12.

The food — corn, rice and corn-soy blend — is a \$10 million contribution to an appeal by the World Food Program to alleviate famine in North Korea caused partly by severe flooding.

The food will be distributed by World Food Program staff to the needy — primarily malnourished children under 5. (Reuters)

Dalai Lama to Taiwan: 'Purely Religious' Visit

TAIPEI — Taiwan and Tibetan organizers on Friday played down the political nature of the Dalai Lama's visit here starting Saturday, saying the Tibetan spiritual leader was coming for a religious visit.

"The Dalai Lama was jointly invited by 10 Taiwan religious groups, and his trip is purely religious," said Ching Hsin, a Buddhist leader and one of the Dalai Lama's Taiwan hosts. "We regret that his scheduled visit has been politicized."

The Dalai Lama's visit has angered the Communist government in Beijing, which claims that both Taiwan and Tibet are inalienable parts of China.

Mr. Ching said politicization of the Tibetan exiled leader's visit has hurt the Tibetan god-king.

Local media have repeatedly reported that Mr. Ching would accompany the Dalai Lama to meet President Lee Teng-hui either next Wednesday or Thursday.

No such meeting has been announced by Mr. Lee's office.

Beijing has lashed out at the Dalai Lama's journey and specifically at any meeting with Mr. Lee, branding both men as "splinterists" bent on independence from China.

Mr. Ching said the Taiwan organizers would leave Thursday open for the Dalai Lama's own arrangements, and the Tibetan exiled leader is expected to leave Taiwan at noon on that day.

Karma Gelek Yuthok, representative of the Dalai Lama's liaison office in Japan, who arranged his Taiwan visit, said he would not visit Taiwan's Parliament because of the visit's "religious and cultural" nature.

Taiwan's Parliament has invited the Dalai Lama to speak, and pro-independence deputies have demanded that the government welcome the Tibetan spiritual leader as a state guest instead of a religious leader.

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JOE FITCHETT
 Political Correspondent

WORLD WATER:

Financing for the Future

Istanbul, September 30 & October 1, 1997

The International Herald Tribune is convening a major new conference, "World Water: Financing for the Future", on September 30 and October 1, 1997.

Held in Istanbul, the meeting will be opened by President Süleyman Demirel and will bring together an outstanding group of speakers, including heads of state and government, senior bankers, heads of water companies and senior representation from the key international organizations.

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THE WORLD'S DAILY NEWSPAPER

Zairian Rebels Play a Populist Tune as They Woo Kisangani Residents

By James C. McKinley Jr.
New York Times Service

KISANGANI, Zaire — The meeting hall was packed with civil servants and small-time politicians, the leftovers from Marshal Mobutu Sese Seko's government. On a dais above sat three civilian officials from the rebel alliance that captured this city last weekend. The heat was unbearable as a local lawyer got up and gave voice to what was on many minds.

"I'm afraid of what happened in 1960, after we got independence," he said. "We were promised democracy, but we got dictatorship. Is it going to be the same thing now?"

The rebels' political affairs minister, Deogratias Bugera, listened intently.

"President Mobutu didn't ask the people to vote for their leaders," he said. "We are. A few days ago there was a curfew in this town. Now you can go wherever you like without problems. Government soldiers used to rob everyone. Our

soldiers go shopping and pay their own way. Now we are giving you the power to elect your representatives."

A murmur of approval coursed through the crowd.

Having won the battle last weekend for this strategic city on the Congo River, the rebels set about this week to win the hearts and minds of the people here, holding meetings with political officials and promising elections at once to choose a local government.

With the Zairian Army retreating and looting on every front, it is looking more and more as though the success of the rebellion depends less on military strength than on the ability of its civilian ministers to capitalize on their political gains, reform the civil service, weed out corruption and jump-start the nation's moribund economy.

That effort started here Thursday in a meeting hall with the kind of grass-roots, town-hall-style politicking any mayor or governor in the United

States would recognize. Three ministers from the inchoate rebel government, which has headquarters in the city of Gombe, spent two hours fielding sharp questions from the civil servants, many of whom have not seen a paycheck in years.

When would the rebels start paying civil servants? What would be done about higher education with the country split in half? How would the local elections for the provisional government be held? Would former supporters of Marshal Mobutu be allowed to stand as candidates? How could they hold elections with so many illiterate voters? When would a legislature be formed?

While alliance officials insist that the elections will be free, it is not clear precisely how delegates will be chosen. In at least one other town where the rebels have taken control, members of Marshal Mobutu's party were excluded from elections.

At the meeting, one professional bureaucrat said he was afraid open elections would bring

uneducated and unqualified people to power. "The people who are elected should be the people who understand administration," he said. "I'm afraid to see someone who hasn't studied to be an administrator being elected."

The rebels' finance minister, Mwana Nanga Mawampanga, pounced on the question.

"To have a university degree does not guarantee you are qualified to be elected as a representative," he said. "The former governor of this province was a professor of the university, but you know what he did?" The crowd burst into long applause.

Besides holding meetings with bureaucrats, the civilian arm of the rebels, who are known as the Alliance of Democratic Forces for the Liberation of the Congo, flew in 117 young converts to their cause to begin spreading their message among the citizens in the city's six boroughs.

These civilian supporters of the rebel government have all attended a series of seminars indoctrinating them in the new philosophy of

Laurent Kabila, the longtime foe of Marshal Mobutu who is leading the rebellion.

Mr. Kabila has changed since the Lumumbist rebellion of the 1960s, when he styled himself on the Maoist or Che Guevara model. The alliance's ideology now reads more like an American civics course: free and fair elections, basic civil rights, freedom of speech, a free press, lower taxes, clean government and a military under civilian control.

To prove they are serious about democracy, rebel officials planned elections of a sort here this weekend to choose a governor and a mayor. Political and community leaders are to choose delegates from their neighborhoods, as well as candidates for borough leader, mayor and governor, who will serve in a government that would hold office until after the war is finished. A randomly chosen group of delegates will then vote on the candidates.

"It's not perfect," Mr. Mawampanga said. "But it's the best we can do with the time and money we have."

Mobutu Shuns Welcome As Plane Lands in Zaire

Compiled by Our Staff From Dispatches

KINSHASA, Zaire — The red carpet was rolled out, and the honor guard stood at attention. But Mobutu Sese Seko, Zaire's ailing president, was unwilling or unable to enjoy a presidential welcome upon his return Friday from France.

Marshal Mobutu, who has just had fresh cancer treatment, left France earlier on Friday on board a private jet to try to salvage what remains of his authority in Zaire in the face of relentless rebel advances.

The president, 66, had hoped his return would help end fighting and restore confidence in his divided government. Instead, his mysterious arrival only added to questions about his health and his ability to run the government.

His plane, its door open, stood for a half hour after landing just after a brief thunderstorm. An aide boarded the plane, then emerged to confer with officials.

Soldiers then forced reporters to leave. The honor guard drifted away, as did relatives and officials who had formed a welcoming party. A black limousine was summoned to the boarding steps.

Later, a convoy of limousines arrived at the presidential mansion in a military compound that is known as Camp Tshadshi.

Marshal Mobutu "is a little bit tired — you know, traveling from France to Zaire," said his private secretary, Lando Kota-Mbongo. "That's why he wanted to take a rest and consult his entourage."

Mr. Lando said Marshal Mobutu would speak to reporters Saturday or Sunday.

Until Friday morning, when he boarded the plane in France, he had not been seen in public anywhere since he entered a Monaco hospital nearly a week ago, reportedly with internal bleeding linked to complications from surgery for prostate cancer in August.

Before boarding the plane in France, Marshal Mobutu turned and waved to journalists.

Photographers were kept some distance away, but could make out Marshal Mobutu's trademark leopard-skin hat through telephoto lenses. (AP, Reuters)

Rebel Leader Thronged

James C. McKinley Jr. of The New York Times reported from Kisangani, Zaire.

Laurent Desire Kabila, an obscure rebel leader almost unknown six months ago, arrived triumphantly in this sprawling riverport Friday and was met by tens of thousands of cheering and dancing people.

They chanted that he was their liberator from what they see as the tyranny of President Mobutu.

As he landed here, the rebel struck a defiant stance, rejecting an offer of an immediate cease-fire from the Mobutu government, which is teetering on the brink of collapse after losing this strategic city last weekend. Mr. Kabila has steadfastly refused to halt his advance unless Marshal Mobutu agrees to face-to-face talks.

"We negotiate first," he said.

In a sense, Mr. Kabila was returning to Kisangani, the city he left in disgrace along with other insurgents in the early 1960s after Marshal Mobutu crushed the

Simba rebellion, the first leftist rebellion Mr. Kabila took part in.

This time, Mr. Kabila winged into town as a conquering hero. As news of his coming spread through Kisangani over radios, tens of thousands of people thronged the municipal airport, pouring in from every direction to see their new leader.

Pressing up against the airport fence, the crowd bristled with bright umbrellas, palm fronds and hand-lettered signs. Many people wore white bandanas, which have become a symbol of the rebellion.

"Long live the liberator Kabila," one sign read.

When a plane arrived carrying an advance team, the crowd thought it was Mr. Kabila. The plane, however, overwhelmed the rebel soldiers guarding the airport and flooded the tarmac.

As they ran, many people burst into songs and clapped and danced in celebration.

"Father Kabila, you are chosen by God and he sent you to us," most of the youths in the crowd sang.

"Mobutu can kill people, but he won't succeed. We are waiting for Kabila."

NOMADS: Overgrazing and Global Markets Tie Down Ancient Lifestyle in Saudi Arabia

Continued from Page 1

half of the country since Biblical times, when they paid camels as tribute to Assyrian overlords. Renowned as warriors and poets, they rallied behind T.E. Lawrence to expel the Turks during World War I. In a country about the size of India, the present population of 100,000 nomads is concentrated around the scrub desert region northwest of Medina.

But being a Bedouin is not what it used to be.

The cost of maintaining camels, the once-economical schooners of the desert, has shot through the roof of the nomads' camel-hair tents.

The shift from camels to sheep has meant that nomads have had to abandon their self-contained subsistence economy and compete with importers who flood the market with 12 million sheep a year, shipped from as far away as Uruguay and New Zealand.

Instead of roaming hundreds of kilometers in trackless desert, nomads are now content to range within 30 kilometers (20 miles) of a home base so they can send their children to school and take advantage of government health clinics.

But the unkindest cut has been the expense of living the tented life. In the Tasiyah region of central Saudi Arabia, Bedouins now require \$100,000 in initial capital outlays to enter the nomadic sheep-herding business, according to Timothy Finan, an anthropologist with the University of Arizona's Office of Arid Lands Studies. Much of this money goes toward the purchase of a 5-ton truck to haul water and a pickup truck to haul barley and grain, Mr. Finan said, with about \$35,000 going to buy sheep at around 500 Saudi riyals (\$133) a head.

"The true nomad is fast disappearing and is now being forced into becoming more of a rancher," he said. "The Bedouins are having to behave like economic firms even though they still retain a privileged, even mythic status in Saudi society."

In contrast to sub-Saharan Africa, where governments have been pressuring nomads into fixed settlements, the Saudis have come to a belated appreciation of Bedouins as symbols of the tribal kingdom's resourceful spirit and frequently liken this vanishing breed to

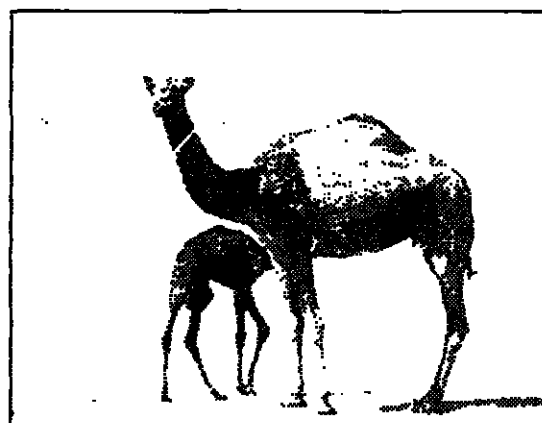


Laurent Kabila, the Zairian rebel leader, arriving Friday in Kisangani, where thousands greeted him.

A line of local political leaders and civil servants waited nervously near a hangar to greet the new boss. Several said they had never seen such an enthusiastic reception for a politician.

Marshal Mobutu drew large crowds, too, they said, but they were coerced. Under the Mobutu government, people were fined if they did not attend the president's rallies.

No one at the airport Friday had been coerced. In interview after interview, people spoke movingly of history being made, of the end of the Mobutu era, of the beginning of democracy.



Herds of camels are largely a thing of the past.

Saudis will use a U.S. National Oceanographic and Atmospheric Administration high-altitude satellite, a Landsat medium-altitude satellite and low-altitude aerial surveys to help the remaining nomadic herders find spots where the grass is truly greener.

Precipitation over the 170 million hectares (420 million acres) of rangelands, roughly three-quarters of the kingdom, is less than 150 millimeters (6 inches) a year.

Data on rainfall, wind and plant growth will be fed into computers for mapping areas for the best grazing and areas to avoid. Reports will be made available to the nomads at the distri-

bution points for government-subsidized barley and eventually broadcast over local radio and television channels.

The government has spent half of the \$10 million projected cost for the project, which is scheduled to begin operations next year.

The environment minister is spearheading the satellite project as a means of "acting like advance scouts" for the nomads, to encourage them — in carrot-and-stick fashion — to stay on the rangelands but not to overgraze, and to keep away from urban centers.

"The carrot is the barley subsidies," said Paul Bailey, an American consultant with the Ministry of Environment. "The stick is the threat of fencing off degraded land."

Already, nomads have made isolated protests over fencing off of wildlife preserves.

Some Saudi observers are skeptical that the nomads — who have managed to track rainfall for millennia — need satellite surveys to help them find water.

"Nomads can identify plants in the pitch dark and tell you what clan a camel comes from by its footprint," said Eisa Haratani, a Saudi anthropologist. "How could satellites help them find forage?"

Mr. Haratani doubts that the satellite data will prove useful to the nomads. "I have a doctorate in geography and I can't even interpret the data," he said. "How will illiterate nomads understand it?"

There is also the fear that the very efficiency of such high-tech solutions may worsen overgrazing.

"When the nomads first started using trucks, we thought it would benefit them," Mr. Haratani said. "Now we see that the trucks allow the nomads to spot-graze, bringing water to the animals instead of animals to the water and placing much more strain on the rangeland than before."

"Giving them satellite pictures may mean the nomads will now be able to rush their flocks even faster to the best grazing spots and destroy them that much more quickly," he said.

SUMMIT: Yeltsin Seems Reconciled to NATO's Expansion East

Continued from Page 1

opposition Mr. Yeltsin would encounter at home to the charter.

Mr. Clinton appeared willing to allow the Russian president to dose the level of recalcitrance he wants to express about NATO's expansion to fit the needs of his constituency.

The essential element was Russia's willingness to push forward with the document.

As characterized by Secretary of State Madeleine Albright, the charter will reflect the NATO standpoint that under present and foreseeable circumstances no nuclear weapons or substantial contingents of foreign troops would be stationed in the new member countries. She

expected, however, that infrastructure improvements would go ahead in these nations once the group gains member status. The charter is expected to be signed some time before July when the three countries are to petition the alliance for entry.

Mr. Yeltsin used the word "binding" to refer to the status of the charter when he first described it at the news conference. Later, although he reported he would submit the document to the State Duma for ratification, he said it would be quite enough for the other nations to simply give their chief of state's signature. This corresponded with the view of the United States, which did want a binding international treaty.

The presidents stated that once

START-2 entered in force, negotiations would begin immediately on START-3. But the problem is that no more than Mr. Clinton controls the U.S. Congress does Mr. Yeltsin command the State Duma, where the arms control agreement's ratification has been linked to the issue of NATO's expansion.

START-2 encompasses deep cuts in both countries' strategic weapons and a provision that eliminates Russia's multiple-warhead missiles by 2003. To facilitate START-2, Mr. Clinton said, the United States would extend the time allowed for the destruction of the missiles until 2007. Implementation of START-3, which would reduce strategic warhead stockpiles for both countries to 2,000 to 2,500, would be completed by the end of 2007.

Mr. Yeltsin seemed particularly concerned that he would be attacked at home for having been bought off on NATO expansion with economic inducements that include American backing of Russia's application to join the World Trade Organization and membership in the Paris Club, a group of nations dealing with debt and international credit.

Mr. Clinton was flying back to the United States on Friday night after the two days of talks, the 11th summit meeting between the men. Mr. Yeltsin remained in Helsinki.

Bomb Kills Lawmaker's Aide in Moscow

The Associated Press

MOSCOW — An aide to a lawmaker associated with the extreme nationalist party of Vladimir Zhirinovskiy was killed Friday by a car bomb, the fifth such apparent contract murder in recent months, officials said.

Anatoli Frantskevich, an aide to Alexander Filatov, was killed when a bomb exploded under his Mercedes in

western Moscow, the Itar-Tass news agency said, quoting the Federal Security Service. An unidentified man in the car was wounded, Itar-Tass said.

Mr. Frantskevich was the fifth person associated with Mr. Zhirinovskiy's party to be killed in recent months. The police said most victims had criminal records. The killings have not been solved.

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Herald Tribune
THE WORLD'S DAILY NEWSPAPER

ART

INTERNATIONAL HERALD TRIBUNE
SATURDAY-SUNDAY, MARCH 22-23, 1997
PAGE 8

The Trophies of a Collector

Diversity Is the Word for Chinese 'Museum' Pieces

NEW YORK — It was an unusual collection that riveted the attention of the international community of Chinese art buyers this week at Christie's. "The Jingtang Collection Part II," which brought a total \$6.28 million, was of a diversity in range and aesthetic approach rarely encountered in private art hoards, extending, as it did, from archaic bronzes of the late second millennium B.C. to glass vases of the 18th century.

Numerous references in the Christie's sale catalogue to the publication of various pieces in the series of catalogues produced as

SOURIN MELIKIAN

superb art books by the T. T. Tsui Museum in Hong Kong promptly gave away the identity of the collector, Tsing Tong Tsui, the well-known Hong Kong businessman. It did not resolve the enigma of such an eclectic collection, nor of the sale of many pieces that seemed lastingly embedded in the makeup of the private museum that was set up several years ago and has produced a stream of books about its own collection as well as major issues of Chinese art.

Indeed, Tsui's fascination with the world of museums, scholarly studies included, and his generosity to its activities extends very far beyond his own institution.

His first donation was to the Victoria & Albert Museum in London — a huge £1.25 million (\$2 million) allocated for the refurbishing of the Chinese gallery. Grace Wu Bruce of Hong Kong, the leading Asian specialist in classical Chinese furniture, who suggested the idea to Tsui, says that he readily agreed. His one request was that labels should be bilingual, in English and Chinese.

There have been many more donations since, to Western and Eastern institutions alike. The Chicago Institute of Art and the Royal Ontario Museum were the beneficiaries of large grants. So was the Shanghai Museum, which reopened its doors last October to reveal, among other things, its new T.T. Tsui Ceramics Gallery. His latest largesse, which went to the Regional Council of Hong Kong, is valued, according to one source, at about \$60 million. It includes funding the construction of a National Heritage Museum at Shatin and the gift of the works of art due to fill it when it opens in 2000.

Such widespread involvement in museum life is in itself a unique case in the Far East. It points to a taste for constant activity in the art world that matches the collector's large-scale buying and now, it would appear, selling. The first public indication of this inclination toward massive shifts of interests came in November, when Part I of the "Jingtang Collection" was sold at Christie's in Hong Kong for the equivalent of \$10.3 million.

This was not by any means the first time that the intriguing collector had parted with important pieces. Over the years, some of his objects quietly left his hands merely to find their way into other institutions.

There was the striking case of a unique pair of sixth-century vases, decorated on the body with the mask of a grinning man

in a circular beaded frame. In June 1992, one was bought at Sotheby's London for £297,000 by Giuseppe Eskenazi who sold it six months later to the Royal Ontario Museum. In December 1995, the second vase turned up at Christie's in London. Unsold at £140,000, it was acquired by a dealer after the auction and sold to the Metropolitan Museum of Art. This week there were, again, several

Without transition, the sale then switched to archaic bronzes. A basin on three legs probably dating from the late Shang period was impressive on account of its size, the largest known in this type. This makes the 57.2 centimeter vessel an unquestionable museum piece, swiftly bought by Eskenazi for \$1,652,500, matching only the low estimate. But brutal force rather than beauty exudes from its mass, sparsely decorated with stylized animal masks.

Rarity again, not beauty, made the attraction of an early first millennium B.C. ewer with an unusual pattern on the body and a unique accumulation of zoomorphic motifs on the cover, the handle and the spout. The only known parallel is provided by an equally fussy piece excavated at Fufeng now on view in the Shaanxi Provincial Museum. The curious, all but unobtainable bronze was bought by the London dealer Roger Keverne for \$387,500.

The eclectic Tsui also settled for bronzes that stand at the opposite end of the aesthetic spectrum. A flask with flat sides decorated with staggered rows of rectangular panels dating from the fifth century B.C. is as restrained as the ewer is wildly overdecorated. Overshadowed by the Baroque excesses of the ewer and the enormous mass of the tripod vessel, it sold for a comparatively modest \$52,250. The disparate character of the bronzes hardly suggests a traditional collector's choice. They were more like trophies gathered by a hunter tracking the unusual or the impressive. Together they left an impression of artistic neutrality, almost disengagement, regarding the aesthetics of art.

The choice of Han and Tang pottery increased that impression. The abrupt variations in quality would be hard to understand in a traditional collection primarily formed for the sake of aesthetic enjoyment. The polychrome Tang horse sold for \$189,500, which appeared years ago in one of Eskenazi's London selling shows, ranks among the great pieces of its type. But the "figure of a kneeling camel" of the Northern Wei dynasty (A.D. sixth century) is so poorly proportioned that it gives the impression of being made up from two different pieces.

The contrast with a green-glazed Han horse, which looks elongated without being clumsy, is striking. Eskenazi bought it for \$123,500, gleefully noting that when the type started coming out of the Hong Kong market six or seven years ago, it cost four or five times as much.

As the sale drew to an end, it became increasingly likely that it would not result in a very profitable venture for the collector. A family noire baluster vase of the Kangxi period, painted with a pruned tree, bamboo and rocks in green, white and purplish brown on a black ground, brought \$63,000, less than the \$93,500 paid in June 1988 at Christie's New York. The fact that it was reproduced in the interval in the Tsui Museum of Art, Chinese Ceramics IV, made no difference. Perhaps the public was not entirely convinced that the word "museum," which suggests permanence of a kind, should be taken at face value.



Tripod bronze basin decorated with stylized animal masks.

objects qualifying beyond doubt as "museum pieces."

As one looked more closely at the catalogue, one began to wonder whether the purpose of the auction was not to make a kind of public statement about the strength of the T.T. Tsui Museum's possessions, as much as the desire to get rid of overly familiar objects or make some cash available, which ordinarily accounts for a collector's decision to sell. Much more diverse in its makeup than the Part I session in Hong Kong, Thursday's sale gave the impression of a sampling made by a man eager to show the world what remarkable art from all periods and in every category barring painting he had been able to acquire.

THE sale opened with Chinese furniture and scholar's objects. A small table screen in huanghuali wood framing a marble slab chosen for its evocation of misty mountains seen through wisps of mist cost Wu Bruce \$17,250. She followed this up with a \$63,000 huanghuali table with a green serpentine top suggestive of clouds or whirlpools. Both are typical of the objects treasured by Chinese literati. The high point was a superb so-called horseshoe-back armchair made for some 17th-century palace, which ended up at \$244,500.

Then there came a small group of glass vessels. Two 18th-century vases, one a deep ruby color, inscribed with the reign mark of Yungzheng, and the other, a deep blue, carrying the mark of Qianlong, were fought over tooth and nail by a Chinese collector visibly nervous at the idea he might miss them. They cost him more than twice the high estimate, at \$55,200 and \$43,700. But the collector had to concede defeat over a pair of red bowls carved with scenes, which quadrupled their estimate at \$68,500.



Detail of James Ensor's "La Manguise d'huîtres," painted in 1882 and now on exhibit in Paris.

The Brussels-Paris Connection

By Katherine Knorr
International Herald Tribune

PARIS — Relations between France and Belgium have always been a curious mixture not so much of love and hate as of benign neglect and disdain.

If Brussels now is to many in France the symbol of all that is wrong about Europe, it was in the mid-19th century the symbol of all that was crass and bourgeois about wealth and commerce and colonialism. And yet in the second half of the century a kind of golden age brought together Belgian and French artists whose tragedies and whose genius traveled back and forth between the artistic capital of Europe and its provincial cousin.

The Paris-Brussels connection is the subject of an intriguing exhibition at the Grand Palais (to July 14), with small related shows at the Musée Rodin, looking at the years the sculptor spent in Belgium, and at the Musée d'Orsay, centered on the Belgian poet, art critic and collector Emile Verhaeren, Flemish but Francophone, a key figure in the rich exchanges between the two countries.

The Grand Palais show is an ambitious and sometimes puzzling attempt to pull together painting, sculpture, architecture, literature, music and the decorative arts to show how Belgian and French artists influenced one another, from Delacroix to Courbet to Ensor, Rodin to Matisse, Rops to Redon on the art side; Hugo to Maeterlinck, by way of Verlaine, Rimbaud, Baudelaire and Mallarmé for literature, or Eugene Iyasse, Vincent d'Indy, Cesar Franck and Debussy for music.

BELGIAN artists and art promoters, through the big *salon* exhibitions and through such intellectual groups as the Cercle d'Art des Vingt, founded by Octave Maus, were hospitable to French painting. Belgian intellectuals invited the dangerously erratic and always broke Verlaine to lecture, printers took risks with books that couldn't be published in France. And on several dire occasions during this revolution- and war-torn period, Belgium was the political refuge of a great many agitators and other literati, including no less than Victor Hugo.

Nevertheless, Belgium was not always a haven, and quite a few of these burdensome refugees wore out their welcome. Belgian ultra-Catholicism was ever-present, with its suspicion of free-thinking and its strong whiffs of anti-Semitism. And Belgium didn't always bring luck: It was there that Verlaine shot Rimbaud and ended up in jail for two years and that Baudelaire failed

to make money from speeches and, ever adroit at complaining about his lot and blaming other people, turned against Belgium with a venomous but entertaining rage.

The exhibition thus is an interesting focus on mostly familiar art, a quirky view of a time when King Leopold II imported French know-how to build a royal Belgium, Belgian intellectuals shared with the French the idea that one must be resolutely modern, and photography became a threat to painters.

Who did what when was and is a subject of contention, of course. Well beyond the usual passions and feuds of artists, Belgians were both attracted to French talent and angry at Paris's prominence. Was Impressionism light exported from France to Belgium, or did James Ensor see it on his own? Interestingly, the signature image for the show is Manet's "The Balcony." It was shown at a Belgian salon in 1869.

There is much here for the eye, odd contrasts, uncanny resemblances, a curious mirror effect at times. Belgium was a new and a made-up country, where Flemish-Walloon tensions surfaced at intervals in art as in everything else, but what emerges here more than the national rivalries are the similarities: Here is the great flat expanse of the European north, the countryside Verlaine loved to roam, with its blunted colors and its fast-moving clouds, its solid bourgeois houses and the maritime flames, all bathed in that curious northern light.

The late 19th century, in the swath of place and time presented by the exhibition, was about darkness and light, on the canvas and in the soul, and indeed the works shown here alternate light and shadow, from the Impressionists and the Pointillists to dark drawings of Bruges, where artists illustrated Georges Rodenbach's lament in "Bruges-la-Morte."

Here is Ensor's stunning "La Manguise d'huîtres" (1882), where a stout lady eating oysters is bathed in white-wine light. There, George Moren's "Sunday Afternoon" (1892), where an old woman in profile stares out a window, the scene suffused in yellow and orange brightness, the dresser, the window, the woman's shawl, or Henry van de Velde's "The Beach at Blankenberghe" (1888), in blues and greens. One painting is missing, and its absence casts a long shadow: Seurat's "La Grande Jatte," which Verhaeren saw at the 1886 salon. He was stunned. So, clearly, were a lot of Belgian painters.

With turn-of-the-century angst, shadows overcame the light, as in Fernand Khnopff's "An Abandoned City" (1904), where a few Bruges houses stand on a deserted place, everything weirdly drifting off to sea. In Henri Le

Sidener's "View of the Long Quay in Bruges" (1898), those Flemish houses arise in blurry red and yellow from the great darkness of the water. Leon Spilliaert's "November Second" (around 1907), is a haunting play of light and shadow on furniture and walls; a brownish night is streaming in.

Darkness came also in the form of mysticism and satanism, some of it with the sharp erotic wit of Felicien Rops or the everyman torment of Odilon Redon's owl-faced Christ, some of it sinking into the terrible symbolist kitsch that happily found its place on rock album covers in the 1960s and '70s.

Somewhere in between come the politically engaged scenes of the humble life, naturalism and realism, the visible counterparts to Zola's miserable streets: Emile Claus's "The Old Gardener" (1885) shows us a prematurely old man staring as if into a camera, flower pot under one arm, clogs to the side and gruesome naked feet. Leon Fredericx's "The Chalk Sellers" (1882-3) presents a family's morning, noon and twilight, both adults and children burdened and furrow-browed. Constantin Meunier's "Femme du Peuple" in bronze (1893) is a worn-faced woman looking down with aristocratic dignity.

THERE is a documentary side to all exhibitions that look at both painters and writers. Verhaeren was painted by many of the artists he knew, notably by Theo van Rysselberghe (his Pointillist portrait is at the Orsay show). The same painter's "La Lecture" (1903) could be seen as the key to the whole show, as Verhaeren reads to a small group that includes the Frenchmen Andre Gide and Felix Feneon as well as the Belgian Maurice Maeterlinck, whose "Pelieus et Melisande" was the basis for Debussy's opera.

The show rather limply includes Art Nouveau, with some magnificent furniture and objects by Emile Galle, Victor Horta, Paul Hankar and Hector Guimard, but also a great deal of kitsch. Rodin lived in Belgium from 1871 to 1877, notably working with Albert Carrier-Belleuse on the decoration for the Brussels exchange. The lovely small show in the chapel of the Rodin Museum centers on the masterpiece of this period, "L'Age d'Airain" (1877), which Rodin was accused of having not sculpted but cast directly on a model.

The period these shows celebrate ended, as did so much else, with the Great War. In 1916, Emile Verhaeren published "Les Ailes Rouges de la Guerre" (The Red Wings of War). Later that same year he died, crushed by a train at the station in Rouen.

BOOKS

KASPAROV VERSUS DEEP BLUE: Computer Chess Comes of Age

By Monty Newborn. 322 pages. \$29.95. Springer.

Reviewed by Joseph McLellan

SOMETHING traumatic happened in Philadelphia on Feb. 10, 1996. For the first time ever, a computer playing under standard match conditions (two hours to make its first 40 moves) defeated a world chess champion. The news that an IBM program called Deep Blue had beaten Garry Kasparov was prominently featured in the media and electrified people around the world — not merely those who regularly follow chess news, but liter-

ally millions who were interested in technology, in competitive activities or simply in humanity's position as the lord of creation. The game was carried on the Internet and attracted some 1,200 "hits" a minute. The general reaction was shock. The human race had been symbolically and collectively humiliated by an inanimate object, found second-best in the faculty that we prize most dearly — our ability to solve problems through applied reasoning.

This was a shocking departure from the exhibition in 1985 when Kasparov had played simultaneously against 32 computers and won all 32 games. True, he had lost one game to a computer in 1994, but that was in speed chess, when he had only 30 minutes to make all his moves. Computers have a significant advantage at that speed, and nobody took that game seriously.

But playing under standard world championship rules? That gets to the ego. Kasparov had summed up the problem in 1989 before beginning a match (which he won easily) against a predecessor of Deep

Blue called Deep Thought: "I don't know how we can exist knowing that there exists something mentally stronger than us."

Monty Newborn, a major figure in the history of computer chess and an ideal choice to write this definitive study, thinks we had better get used to the idea: "For the first quarter-century of progress in computer chess, computers were clearly inferior [to good human players]. For the last five years, they have been battling on a relatively even footing with the top players, and the two combatants will probably remain fairly equal for the next several years. But the day is not too far off when the best players will no longer be serious competition. Computers will simply consider too many possibilities and set up positions that are too complex for mere mortals to cope with."

So what? Is anyone bothered by the fact that a hand-held calculator can find a square root faster than any human? The answer is that if finding square roots were a competitive activity, as chess certainly is from the human

point of view, some of us would be seriously disturbed. But not yet. Fortunately this game was only the first in a six-game match. Kasparov won the second game, partly because Deep Blue had technical problems, and for the remainder of the match observers enjoyed the remarkable spectacle of Kasparov gradually learning how to cope with this unique adversary. The final score was 4 to 2 in Kasparov's favor, but this does not reflect the relative playing strength of the adversaries; Kasparov was better than Deep Blue but nowhere near twice as good.

The six games between Kasparov and Deep Blue, with an extensive commentary that fills some 43 pages, are offered much more than its title suggests. It will not quite tell you how to design your own chess-playing computer program, but it discusses the technical and philosophical aspects of this activity in considerable depth, as well as its history.

Joseph McLellan writes frequently about chess and music for The Washington Post.

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NOTICE TO THE UNTHOLDERS OF
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SKANDIFOND S-E-BANKEN FUND
MANAGEMENT REGULATIONS
(modifications taking effect on April 1, 1997)

Referring to the version dated September 1, 1994, the following modifications have been brought about.

New Version:

ARTICLE 9 - ISSUE PRICE

First paragraph

The issue price of units in a Sub-Fund includes the net asset value of a unit in that Sub-Fund calculated in accordance with Article 7 of these Regulations, increased by a commission which will not exceed 5% of the net asset value; this commission includes all commissions payable to banks and financial establishments taking part in the placement of the units.

ARTICLE 12 - REDEMPTION

First paragraph

Owners of units may apply at any time for redemption of their units, which will be affected at the net asset value ruling at that time, decreased by a commission which will not exceed 0.50% of the net asset value; this commission includes all commissions payable to banks and financial establishments taking part in the redemption of the units.

Fifth paragraph

Confirmation of execution of redemption will be made by dispatching an advice to the unitholder, indicating the name of the Sub-Fund, number and class of units redeemed and the relevant net asset value per unit. Payment will be made in US Dollars, Swedish Kroners, Norwegian Kroners or in the base currency of the Sub-Fund within ten bank business days following the corresponding Valuation Day.

Luxembourg, March 12, 1997.

THE DEPOSITORY BANK S-E-BANKEN LUXEMBOURG S.A.	S-E-BANKEN FUND MANAGEMENT COMPANY S.A.
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EUROPE

Switzerland Could Curb The Franc After EMU

Compiled by Our Staff From Dispatches

LUCERNE, Switzerland — A central bank official said Friday that Switzerland could set a temporary upper limit on its currency's value and defend that limit with "unlimited" currency interventions to prevent any sharp rise in the Swiss franc as much of Europe moved toward a single currency.

Speaking to a Swiss economic society, Bruno Gehrig, a member of the Swiss National Bank's directorate, said the central bank would take such action only if flows of money from the European Union's planned common currency, the euro, into the Swiss franc caused sharp and prolonged upward pressure on the franc and made the central bank's loose monetary stance ineffective.

"In such a scenario we could not avoid showing the market the way by setting a temporary upper currency limit and to defend this limit with unlimited currency buying," he said. Such a limit would have to be removed after a short time, he added. He did not indicate how high or low such a limit might be.

"No doubt operating with a currency upper limit is a dangerous monetary maneuver," he said. But he added that such a move would be used only as a last resort.

If volatility linked to the introduction of a single EU currency, now scheduled for 1999, was not strong enough to justify such a move but was still considerable, he said, the central bank would "have to have the courage to let money supply grow strongly."

Another option, he said, would be to peg the franc to the euro. "In a world of quick, often surprising change, one should never say never," he said. "But as long as the euro has not passed its performance test and has not gained the market's confidence, this variant does not come into question," he said.

Mr. Gehrig also said the central bank was trying to maintain a low inflation rate of about 1 percent to 2 percent, rather than seeking absolute price stability. Swiss inflation came to 0.8 percent in 1996, and this year's rate is expected to be 1 percent. (AFX, Bridge News)

Credit Lyonnais Lowers Its Sights on Aid Sale Will More Than Offset Cost of Recapitalization, Chairman Says

Compiled by Our Staff From Dispatches

PARIS — The chairman of Credit Lyonnais SA said Friday the state-controlled bank's improved financial health meant it would need a smaller injection of capital to prepare it for privatization and that the government would get all of the money back — and more — once its stake was sold to the public.

"The revenue from the privatization will be much higher than the recapitalization," the chairman, Jean Peyrelevade, said in an interview published by Le Monde.

His comments came a day after Credit Lyonnais announced a 1996 net profit of 202 million French

francs (\$35.7 million), up from 13 million francs in 1995, and forecast profit for 1997 "in the billions of francs."

Credit Lyonnais's nonvoting shares — or investment certificates, as they are known — closed at 204 francs, up 15.

The shares have climbed 43 percent in value since the start of the year on expectations that a succession of state-led bailouts and restructuring efforts will bring a surge in earnings. About 20 percent of the company's shares are publicly traded; the rest are government-owned.

The higher profit levels leave "no urgency" about any further capital injection from the govern-

ment, Mr. Peyrelevade said. He said more government money would be needed only "on the eve" of the bank's planned sale, to make it more attractive to prospective investors.

Last year, Mr. Peyrelevade had said further government money would be needed immediately to increase the bank's capital.

The bank, which ran up losses totaling 20.8 billion francs from 1992 to 1994, was bailed out by the government in 1995 at a cost to taxpayers of about 100 billion francs.

That year, 180 billion francs in mostly nonperforming assets were taken off its books and transferred to a shell company for sale at a

fraction of their cost. The total cost of the bailout is expected to be about 100 billion francs.

Last year, the bank estimated it would take 7 billion to 8 billion francs to raise its capital reserves to the point where it could attract a buyer in 1998 or 1999. But Mr. Peyrelevade said Friday he believed the amount would be lower.

He said the bank would continue to make asset disposals "at a rhythm that favors realizing the value of those assets considered nonstrategic." But he said that certain of those assets had been acquired near the peak of the market, so their sale would result in large capital losses. (Reuters, AFP, Bloomberg)

Renault Chief Says Productivity Is the Goal

Compiled by Our Staff From Dispatches

PARIS — The chairman of Renault SA has called the controversial closing of an assembly plant in Belgium part of a restructuring aimed at improving the French automaker's productivity, which he said fell 25 percent short of that of its Japanese and American competitors.

"At the turn of the century,

Renault must have a rate of productivity matching that of the best Japanese factories in the United States," the executive, Louis Schweitzer, said in an interview to be published Saturday in Le Monde. "If we do not achieve such a rate, we will be heading for a dead end."

He added, "I am setting a target for 2000 of achieving the most

competitive cost base in Europe." This, he said, meant that jobs in Europe would be cut at a rate of about 3,000 a year.

Mr. Schweitzer has faced widespread protests against a plan to close a factory in Vilvoorde, near Brussels, with a loss of 3,100 jobs and to trim about 2,700 jobs at

nounced a 1996 net loss of 5.2 billion French francs (\$920 million).

Referring to protests against the job cuts, notably in Belgium, he said in the interview, "If I do not develop an efficient industrial operation because I fear social unrest, I am endangering Renault."

Renault shares closed at 141.70 francs, up 3.70. (AFP, AFX, Reuters)

Krupp's Banks Come Under Fire

Compiled by Our Staff From Dispatches

DUISBURG, Germany — The country's two leading banks came under attack from trade union leaders and dissident shareholders Friday for backing a bid by Krupp Hoesch AG to take over the rival steelmaker Thyssen AG.

"Deutsche Bank and Dresdner Bank are using insider information in order to destroy the company, to strip it and wreck jobs," Walter Riester, the vice president of IG Metall, Germany's largest union, said at a meeting of worker representatives.

Mr. Riester, who is also deputy chairman of the Thyssen supervisory board, called on representatives of the two banks to resign from the board. The worker representatives resolved unanimously to call on the Thyssen management to break off

business relations with the two banks.

Meanwhile, an umbrella body of so-called critical shareholders also attacked the takeover bid as "socialist" and said it could not accept that "Thyssen should be destroyed at the cost of its personnel to fill the coffers of the big banks."

A takeover of Thyssen by Krupp would be "a further step towards the transformation of German industry according to the designs of the big banks," it said.

Talks between the two companies on a possible merger of their steel interests continued Friday at a secret location. The talks began Thursday after a hostile takeover bid launched by Krupp for its bigger rival provoked widespread fears of job losses.

Speculation also surfaced, mean-

while, that Krupp might not have given up efforts to take control of Thyssen. Banking sources said it was likely that institutional investors had secured a big chunk of Thyssen shares on behalf of Krupp, and the business daily Handelsblatt said Krupp had secured 30 percent of Thyssen's capital. Krupp denied the report.

The economics minister, Guenter Rexrodt, said he supported a merger of the two companies' steel operations, which he said was inevitable and would be good for the industry. He said the talks between the two companies were going well.

"The goal of all efforts must be to strengthen the competitiveness of the German steel industry and to secure jobs," he said. (AFP, Reuters)

Gazprom Assails Czech Gas Deal

Compiled by Our Staff From Dispatches

MOSCOW — Russia's natural gas monopoly RAO Gazprom lashed out Friday at the Czech Republic's landmark deal to buy Norwegian gas.

Gazprom said it considered Prague's decision incorrect and economically unjustified. "Similar decisions would undoubtedly affect Gazprom's inherent interests in European gas markets," it said.

Under the 20-year agreement signed Wednesday, Norwegian companies will provide about 3 billion cubic meters of gas annually. Czech annual domestic gas use now is about 9 billion cubic meters, all supplied by Russia. (AFP, Reuters)

Investor's Europe

Frankfurt DAX	London FTSE-100 Index	Paris CAC 40
3600	4600	2800
3400	4500	2500
3200	4300	2300
3000	4100	2100
2800	3900	1900
2600	3700	1700
2400	3500	1500
2200	3300	1300
2000	3100	1100
1800	2900	900
1600	2700	700
1400	2500	500
1200	2300	300
1000	2100	100
800	1900	0
600	1700	0
400	1500	0
200	1300	0
0	1100	0

Source: Reuters International Herald Tribune

Very briefly:

- Tesco PLC will buy Associated British Foods PLC's food retailing operations and related businesses in Northern Ireland and the Irish Republic for £630 million (\$1 billion), placing Britain's largest supermarket chain in the top spot in the Irish food-retailing market.
- Fokus Bank A/S, a Norwegian regional bank, raised its stock and cash bid for its regional competitor Bolig- og Naeringsbanken A/S to 2.06 billion kroner (\$305 million), exceeding a cash offer by Den norske Bank A/S of 1.90 billion kroner.
- Generale de Banque SA of Belgium will close 80 branches as part of a reorganization of its network into a mixture of full-service branches and so-called retail branches that provide only basic products and services.
- Romania plans to revise its laws by early May to promote foreign investment, allowing foreigners to own property, making it easier to take profits out of the country and providing tax breaks and other incentives to investors.
- Aegon NV, one of the world's top 10 insurers, reported an 18 percent increase in net profit for 1996, to 1.57 billion guilders (\$825 million), on a good fourth quarter and favorable exchange rates and market conditions.
- The Czech Republic's economy grew faster than expected in the fourth quarter, with a 4.7 percent increase in gross domestic product, reducing expectations that the central bank would cut interest rates.
- Croatia Airlines expressed hope that a major European airline might be interested in buying into it to spur its development. The government has included a 27.1 percent stake in the airline in a large-scale privatization expected to be launched soon.
- France's constitutional court upheld laws governing the creation of private pension-funding plans. The court was asked last month to rule on the legality of a draft bill to set up a so-called third retirement level based on applicants' assets.

Bloomberg, AFX, Reuters

WORLD STOCK MARKETS

Friday, March 21

Prices in local currencies.

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ASIA/PACIFIC

Search of Seoul Office Targets Kim's Son

SEOUL — Prosecutors searched the offices of an agent of the bankrupt Hanbo Steel Co. on Friday as part of an investigation into rumors of a massive payment to a son of President Kim Young Sam, a prosecution official said.

State radio reported that the president's second son had taken the money from the agent of the steel company, which collapsed in January amid a scandal over bad loans. Prosecutors investigating bribery linked to the steel company's failure this year said they believed Kim Hyun Chul, 38, had received the money as a kickback, Yonhap Television News reported.

Park Tai Joon, who managed the younger Mr. Kim's finances, told prosecutors Friday he had signed a contract to import steelmaking equipment for Hanbo from a German company at twice its market price, Yonhap said. Mr. Park said he gave the difference to Kim Hyun Chul.

South Korean television reports showed prosecutors removing 26 boxes of documents from Shin Woo Co., a company owned by Mr. Park. Reports said prosecutors also took 40 computer disks, 10 videotapes and a New Year's card sent by Kim Hyun Chul.

A prosecution official said the purpose of the search was to try to confirm "rumors" that Kim Hyun Chul had accepted a payment of 200 billion won (\$226 million).

"The rumors that the son received the \$226 million in commission were mentioned in the warrant," the official said. "But that does not necessarily mean that Kim Hyun Chul received the money. The allegation is not something that has come out of the course of investigation."

The younger Mr. Kim holds no government job. Mr. Park was a schoolmate of his and has been one of his closest associates since Mr. Kim helped orchestrate his father's

election campaign in 1992. Hanbo, the 14th largest of South Korea's family-owned conglomerates, failed under the weight of \$5.7 billion of debts in January, triggering an exposé of high-level corruption. Four politicians, a former minister and three former banking executives were jailed and are on trial on charges of pressuring banks to extend large loans to Hanbo on insufficient collateral.

Hanbo's patriarch, Chung Tae Soo, and a Hanbo executive also have been imprisoned on fraud and bribery charges.

The Justice Ministry changed the leader of the prosecution team to try to remove doubt about the investigation's impartiality. Last month, President Kim apologized for suspicions surrounding his son.

Separately on Friday, Hanbo's construction arm, Hanbo Engineering & Construction Co., was declared bankrupt after defaulting on a second loan payment, Korea First Bank, a major creditor, said. (Reuters, AFP, Bloomberg)

Ssangyong Turning to U.S.

Ssangyong Motor Co., a South Korean car manufacturer reeling under \$4.3 billion of debt, is turning to U.S. carmakers for help, Bloomberg News reported from Seoul.

"We are currently in talks with American carmakers such as General Motors and Chrysler," Jang Chang Joon, a company spokesman, said. Officials of General Motors Corp. and Chrysler Corp. were not immediately available for comment.

Ssangyong Group, the automaker's parent, is trying to sell a 50 percent stake in the company to foreign investors to help pull the automaker out of debt.

Ssangyong Motor's stock tumbled 400 won to close at 4,620, leading a fourth consecutive day of declines by South Korean stocks.

Taiwan Pork Crisis Deepens

Compiled by Our Staff From Dispatches

TAIPEI — Taiwan's pork industry was plunged into a deepening crisis Friday after the government banned it from exporting its goods and Japan and South Korea said they would keep out imports of pork from Taiwan indefinitely.

Taiwan's export ban, announced Thursday in response to the discovery of an outbreak of foot-and-mouth disease at 20 farms this week, sent Taiwan stocks tumbling and drove up pork prices worldwide. Taiwan's cabinet called an emergency meeting to discuss ways to help the \$3 billion pork industry, which raises more than 12 million pigs a year and exports about 60 percent of them.

"About 60 percent of the industry is dead, and the other 40 percent is not that healthy," Nate Emerson, vice president of HG Asia Securities Ltd., said.

Japan, Taiwan's largest pork export market, imposed an indefinite ban on pork shipments from Taiwan as a result of the disease outbreak. South Korea, which imported 1,497 tons of pork from Taiwan in 1996, also announced a ban on cloven-hoofed animals and related products from Taiwan.

It could take three to five years before Taiwan could resume exporting pork, K.C. Lee, vice chairman of the Council for Economic Planning and Development, was quoted as saying by the Chinese-language Commercial Times.

Mr. Lee reportedly said that, with the pig industry accounting for one-quarter of Taiwan's agricultural output, its outlook for this year was grim.

Economists said the export ban would cost jobs in Taiwan and cut into the country's overall export figure.

Japan's Ministry of Agriculture, Forestry and Fisheries said its import ban applied to pigs, sheep, cattle and goats slaughtered after Friday.

Taiwan was the source of for 41 percent of Japan's pork imports of 652,827 metric tons last year, according to Japanese customs data. The United States had a 22 percent share of the Japanese market.

Japan had been importing about 16,000 tons a month of fresh and frozen pork from Taiwan despite Tokyo's imposition of an "emergency" tariff to limit imports and protect local breeders, Taiwan traders said. Japan imported 183,494 tons of pork from Taiwan in 1995.

Japanese meat-packers said the ban was not likely to cause shortages in the next few months because inventories of frozen pork were high. They said Japan's meat-processors bought most of their frozen pork for hams and sausages from Denmark.

But at least one major Japanese chain store said it had begun focusing on other meat, such as beef and chicken, as substitutes for the banned chilled and frozen pork.

Tokyo traders said Canada and other European countries were their other principal suppliers. The Taipei stock exchange's weighted index plunged 262.60 points, or 3.09 percent, to close at 8,230.07. It was the index's largest one-day loss in 11 months.

The outbreak of the disease, the first in Taiwan since the early 1940s, also comes with unemployment in Taiwan is already near a five-year high at 2.7 percent. Pig-farming employs about 700,000 people in Taiwan, mainly in the southern part of the island. (Reuters, Bloomberg, Bridge News)

'Junk' Rating on Japan Bank Oil Division Lifts Broken Hill Profit

Bloomberg News

TOKYO — Moody's Investors Service Inc. downgraded Nippon Credit Bank Ltd.'s senior debt to junk-bond status Friday, the first time it had rated a Japanese bank's debt so low.

In lowering the rating to Ba1, below investment grade, from Baa3, Moody's cited the long-term credit bank's "substantial" unrealized loan losses and weak earnings outlook and questioned its long-term ability to weather the planned deregulation of

Japan's finance sector. The downgrade means that Nippon Credit, one of three long-term credit banks that helped finance the postwar resurgence of Japanese industry, is likely to have to pay more to raise funds.

Some analysts said it also was likely to rekindle investor concern about the health of Japanese banks. Nippon Credit, which said in September that it had 1 trillion yen (\$8.08 billion) of bad loans, blamed the downgrade on a "total misunderstanding" of its financial health.

Reuters

MELBOURNE — Broken Hill Pty. posted a 69.5 percent increase in third-quarter net profit Friday, as profit doubled at its petroleum unit.

It was the resource company's first profit increase in two years. BHP's net profit rose to 378 million Australian dollars (\$297.9 million) from 223 million dollars a year earlier. The petroleum division's profit grew to 246 million dollars.

Investor's Asia			
Exchange	Index	Friday Close	% Change
Hong Kong	Hang Seng	12,453.38	+0.14
Singapore	Strait Times	2,068.48	-1.29
Sydney	All Ordinaries	2,381.30	-0.20
Tokyo	Nikkei 225	16,883.71	+0.76
Kuala Lumpur	Composite	1,225.93	-1.06
Bangkok	SET	708.08	-0.14
Seoul	Composite Index	642.66	-2.57
Taipei	Stock Market Index	8,230.07	-3.09
Manila	PSE	3,203.57	-0.16
Jakarta	Composite Index	683.13	-1.06
Wellington	NZSE-40	2,212.48	+0.78
Bombay	Sensitive Index	5,732.05	-1.05

Very briefly:

- Singapore stocks fell to their lowest levels in more than four months, a day after a drop in the country's non-oil exports in February led to increased concern about earnings and growth. The Straits Times Industrials Index fell 26.95 points, or 1.3 percent, to 2,068.48, its lowest since Nov. 1.
- Japan's transport minister, Makoto Koga, hinted at retaliation if Washington went ahead with sanctions against Japanese shipping companies over port practices, but he pledged to make every effort to head off sanctions.
- Overseas Union Bank Ltd. of Singapore, targeting the growing cash surpluses generated by Asia's "tiger" economies, plans to raise the value of the mutual funds it manages to at least 200 million Singapore dollars (\$138 million) by 2000, compared with around 40 million dollars now.
- The Recording Industry Association of America's chairman and chief executive, Jay Berman, said piracy of U.S. computer software, recordings and movies was growing in China as entrepreneurs sought to meet growing demand in Russia, Eastern Europe and Latin America.
- Placer Dome Inc. is selling its 39.9 percent stake in Maricopa Mining Corp. of the Philippines to the mine's majority owner, privately held F Holdings.

Bloomberg, AFP, Reuters

Hopewell Gains, but Wharf Slips

Compiled by Our Staff From Dispatches

HONG KONG — Two of the colony's biggest diversified companies presented sharply different profit pictures Friday, reflecting the effects of differing strategies on asset sales.

Wharf Holdings Ltd. said net profit fell a bigger-than-expected 24 percent last year, to 2.74 billion Hong Kong dollars (\$353.7 million), as it delayed property sales and lost money on its new-media and telephone businesses.

But Hopewell Holdings Ltd., a construction company, said net profit in its first half rose 7.7 percent and said its full-year profit would be lifted by a one-time gain of 3.96 billion dollars on the sale of its power division. Hopewell said net profit rose to 502 million dollars in the last six months of 1996, largely because of the start-up of power stations in the Philippines and China.

Wharf's 1996 sales fell 24 percent, to 8.4 billion dollars. Revenue was constrained by its decision to delay sales of some office and retail projects last year, the company said.

Wharf's shares rose 10 cents, to 28.15 dollars, while Hopewell's shares fell 2.5 cents, to 4.10 dollars before its results were announced. Both companies shares have fallen in the past 12 months, even as Hong Kong's benchmark index has risen 17 percent, amid investor concerns about the companies' future projects and asset sales. (Bloomberg, Reuters)

Acer Switches to Pentium Chips

Bloomberg News

TAIPEI — Acer Inc. said Friday it would revamp its line of low-cost personal computers to use Pentium chips to try to compete with Compaq Computer Corp.

Acer said it would use Intel Corp.'s Pentium chips in its line of personal computers that would be priced at \$799 including a monitor. Acer executives said the move reversed a decision made in May 1996 to use Iomega Corp.'s Zip storage disk drives, which are nearly as fast as hard drives, in the computers. Acer said the change would help it compete with Compaq, which uses Intel chips in its low-cost computers.

Compaq also recently introduced a personal computer using a chip by Cyrix Corp. that it said it planned to sell for less than \$1,000, but without a monitor. About 75 percent of all personal computers use chips made by Intel, the world's largest chipmaker.

PENSION: Is Chile a Model?

Continued from Page 9

deposit 13 percent of their wages in the retirement accounts. The accounts, which move from job to job with their owners, are managed by about 20 private mutual-fund groups, known as Administradoras de Fondos Pensiones, or AFPs.

To achieve what Mr. Pinera calls "radical reform with a conservative execution," the government strictly limited these administrators' discretion to take investment risks. At the end of last month, the funds held 40 percent of their assets in government-backed debt, 24 percent in interest-bearing bank deposits and 35 percent in Chilean stocks.

But, buoyed by high interest rates and gains on Chilean stocks, the funds have delivered a strong 13 percent average annual return after inflation over the last 15 years. Equally important, Mr. Pinera argues, the switch to "defined contribution" accounts has ended the government's authority to raise pensions at the expense of future generations of taxpayers. But what intrigues observers most is the way the pension reform has meshed with Chile's goal of moving its economy to the fast growth track.

Economists' prescriptions for growth these days invariably include prudent fiscal policies, high savings rates, tax reform and the develop-

ment of liquid financial markets. Chile's pension makeover, Mr. Pinera said, helped to accomplish each.

For starters, he said, privatization made it impossible to paper over government deficits with cash flow from the pension system. The resulting fiscal austerity, combined with increased confidence that personal savings would not be taxed or inflated away, has raised the savings rate from 16 percent in 1980 to an astonishing 28 percent.

Mr. Pinera also argues that the substitution of mandatory pension savings for the 25 percent social security tax on wages sharply increased incentives to work.

Last but hardly least, the reform guaranteed a flow of savings to spark the small domestic capital market. The pension funds' assets now exceed \$30 billion. Mr. Diamond, however, said Mr. Pinera's argument had confused cause and effect. The political will to contain government spending, control inflation, reduce tax distortions and put out a welcome mat for private enterprise made pension privatization work, he suggested — not the other way round.

In response, Mr. Pinera appeared prepared to meet him halfway: Pension privatization, he said, was part of a "virtuous circle of economic reforms" in which successes built on successes.

The LVMH Group's net income from current operations (before goodwill amortization and unusual items) totaled FRF 4,457 million in 1996, a 6% increase over the prior year.

Consolidated net sales totaled FRF 31,142 million in 1996, a 5% increase over the 1995 level. On a constant currency basis, sales would have risen by 6%.

Key 1996 developments were:

- The economic environment remained contrasted, with sluggish growth in western Europe, sustained growth in the US and UK, and a moderate pickup combined with deflationary trends in Japan.
- LVMH recorded a sharp pickup in sales in the second half of the year, with particularly impressive 13% growth in the month of December alone.
- All of the Group's segments conducted highly successful new product launches, despite intensifying competition.
- Financial expenses were down sharply, chiefly reflecting the lower cost of servicing debt.
- LVMH pursued its strategic development in luxury goods activities with the acquisitions of a 61.25% stake in DFS, the world's leading distributor of luxury products, and of Céline and Loewe S.A.
- Consolidated net income after unusual items totaled FRF 3,683 million in 1996, as against FRF 4,047 million in the prior year. Negative unusual items of FRF 615 million primarily reflect the impact on consolidation of the sale of part of LVMH's stake in Guinness PLC.

Major 1996 highlights by segment of activity:

- **Champagne and Wines:** Dom Pérignon, Moët & Chandon, Veuve Clicquot Ponsardin, Pommery, Ruinart, Mercier, Canard-Duchêne. The 5% growth in volumes sold, stable costs and higher selling prices fueled the rise in income from operations.
- **Cognac and Spirits:** Hennessy, Hine, F.O.V. The sharp increase in sales volume, notably in the US, partly offsets the negative impact of the deterioration of the product mix, chiefly due to lower sales in Asia, leading to stable operating margins.
- **Luggage and Leather Goods:** Louis Vuitton, Céline, Loewe, Berluti. The upturn in sales which began in August gained momentum in the fourth quarter. Céline and Loewe are included in the scope of consolidation for the first time in 1996.
- **Perfumes and Beauty Products:** Christian Dior, Guerlain, Givenchy, Kenzo. Increased selectivity in distribution at Parfums Christian Dior — where sales to non-selective, or parallel, networks had reached excessive levels by the end of 1995 — had a sharply negative impact on operating margins of Parfums Christian Dior and of the segment as a whole. All of the year's launches — including Champs-Élysées by Guerlain, Organza by Givenchy, Jungle by Kenzo — were very well received in the marketplace, with sales exceeding initial targets.

Excluding sales to the parallel distribution networks mentioned above, which were deliberately pared back, the LVMH Group gained market share in its four segments of activity.

In 1997, further growth should be recorded in all activity segments, thanks to the Group's strategy emphasizing innovation, creativity and new product introductions, exceptional product quality, and expansion of the distribution networks around the world. Growth should also benefit from the favorable economic environment in North America and from improved US dollar and British pound exchange rates against the French franc, partly offset, however, by the low exchange rate of the Japanese yen against the US dollar.

In addition, with the acquisition of a controlling interest in DFS, the LVMH Group should benefit even more from the growth potential of the Asia-Pacific region. DFS will contribute positively to Group net income from current operations (before amortization of goodwill) and cash flow in 1997.

On the basis of this outlook, the LVMH Group has set a goal of achieving another increase in sales and net income for 1997. The Board of Directors will ask the Annual General Meeting of Shareholders, to be held on May 29, 1997, to approve a net dividend of FRF 20.40 per share, an increase of 6% over the prior year level, payable on June 13, 1997.

Consolidated financial highlights are as follows:			
In FRF million	1996	1995	
Consolidated net sales	31,142	29,775	
Income from operations	7,022	7,285	
Net income from current operations	4,457	4,196	

By segment of activity, sales and income from operations are as follows:				
In FRF million	Sales		Income from operations	
	1996	1995	1996	1995
Champagne and Wines	6,409	5,836	1,246	1,064
Cognac and Spirits	4,885	5,277	1,560	1,678
Luggage and Leather Goods	9,026	7,415	3,903	3,477
Perfumes and Beauty Products	8,962	9,277	592	1,256
Other Activities, including holding company expenses	1,860	1,970	(279)	(190)
TOTAL	31,142	29,775	7,022	7,285

THE WORLD'S LEADING LUXURY PRODUCTS GROUP

amid th

Friday's 4 P.M.
The 1,000 most-traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

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Order	12 Month High	Low	Stock	Div	Yld	P/E	S&P Rating	Low	High
1	100.00	90.00	1000	1.00	4.00	10.00	A	90.00	100.00
2	120.00	110.00	2000	1.50	5.00	12.00	B	110.00	120.00
3	80.00	70.00	3000	0.50	3.00	8.00	C	70.00	80.00
4	150.00	140.00	4000	2.00	6.00	15.00	D	140.00	150.00
5	60.00	50.00	5000	0.20	2.00	6.00	E	50.00	60.00
6	90.00	80.00	6000	1.20	4.50	10.00	F	80.00	90.00
7	110.00	100.00	7000	1.80	5.50	11.00	G	100.00	110.00
8	70.00	60.00	8000	0.80	3.50	9.00	H	60.00	70.00
9	130.00	120.00	9000	2.50	6.50	13.00	I	120.00	130.00
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1. The first part of the document is a letter from the President of the United States to the Congress, dated January 1, 1861. It is a formal address, and it begins with the words "I have the honor to acknowledge the receipt of your letter of the 28th inst."

Friday's 4 P.M. Close
(Continued)

12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009 1010 1011 1012 1013 1014 1015 1016 1017 1018 1019 1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032 1033 1034 1035 1036 1037 1038 1039 1040 1041 1042 1043 1044 10

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1	10.0	8.0	9.0	11	10.0	8.0	9.0	21	10.0	8.0	9.0
2	10.0	8.0	9.0	12	10.0	8.0	9.0	22	10.0	8.0	9.0
3	10.0	8.0	9.0	13	10.0	8.0	9.0	23	10.0	8.0	9.0
4	10.0	8.0	9.0	14	10.0	8.0	9.0	24	10.0	8.0	9.0
5	10.0	8.0	9.0	15	10.0	8.0	9.0	25	10.0	8.0	9.0
6	10.0	8.0	9.0	16	10.0	8.0	9.0	26	10.0	8.0	9.0
7	10.0	8.0	9.0	17	10.0	8.0	9.0	27	10.0	8.0	9.0
8	10.0	8.0	9.0	18	10.0	8.0	9.0	28	10.0	8.0	9.0
9	10.0	8.0	9.0	19	10.0	8.0	9.0	29	10.0	8.0	9.0
10	10.0	8.0	9.0	20	10.0	8.0	9.0	30	10.0	8.0	9.0

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Sl. No.	Name of the person	Address	Signature	Date
1	Mr. A. B. C.	123 Main St., New York, N.Y.	[Signature]	10/10/1911
2	Mr. D. E. F.	456 Elm St., Boston, Mass.	[Signature]	10/11/1911
3	Mr. G. H. I.	789 Oak St., Chicago, Ill.	[Signature]	10/12/1911
4	Mr. J. K. L.	101 Pine St., Philadelphia, Pa.	[Signature]	10/13/1911
5	Mr. M. N. O.	202 Cedar St., St. Louis, Mo.	[Signature]	10/14/1911
6	Mr. P. Q. R.	303 Birch St., San Francisco, Cal.	[Signature]	10/15/1911
7	Mr. S. T. U.	404 Walnut St., Cincinnati, O.	[Signature]	10/16/1911
8	Mr. V. W. X.	505 Spruce St., Portland, Me.	[Signature]	10/17/1911
9	Mr. Y. Z. A.	606 Ash St., Detroit, Mich.	[Signature]	10/18/1911
10	Mr. B. C. D.	707 Hickory St., Indianapolis, Ind.	[Signature]	10/19/1911
11	Mr. E. F. G.	808 Maple St., Columbus, Ohio	[Signature]	10/20/1911
12	Mr. H. I. J.	909 Poplar St., Louisville, Ky.	[Signature]	10/21/1911
13	Mr. K. L. M.	1010 Sycamore St., Memphis, Tenn.	[Signature]	10/22/1911
14	Mr. N. O. P.	1111 Chestnut St., St. Paul, Minn.	[Signature]	10/23/1911
15	Mr. Q. R. S.	1212 Walnut St., Kansas City, Mo.	[Signature]	10/24/1911
16	Mr. T. U. V.	1313 Elm St., Omaha, Neb.	[Signature]	10/25/1911
17	Mr. W. X. Y.	1414 Oak St., Des Moines, Ia.	[Signature]	10/26/1911
18	Mr. Z. A. B.	1515 Pine St., Sioux Falls, S.D.	[Signature]	10/27/1911
19	Mr. C. D. E.	1616 Cedar St., Rapid City, S.D.	[Signature]	10/28/1911
20	Mr. F. G. H.	1717 Birch St., Pierre, S.D.	[Signature]	10/29/1911
21	Mr. I. J. K.	1818 Walnut St., Deadwood, S.D.	[Signature]	10/30/1911
22	Mr. L. M. N.	1919 Spruce St., Lead, S.D.	[Signature]	10/31/1911
23	Mr. O. P. Q.	2020 Ash St., Rapid City, S.D.	[Signature]	11/1/1911
24	Mr. R. S. T.	2121 Hickory St., Rapid City, S.D.	[Signature]	11/2/1911
25	Mr. U. V. W.	2222 Maple St., Rapid City, S.D.	[Signature]	11/3/1911
26	Mr. X. Y. Z.	2323 Poplar St., Rapid City, S.D.	[Signature]	11/4/1911
27	Mr. A. B. C.	2424 Sycamore St., Rapid City, S.D.	[Signature]	11/5/1911
28	Mr. D. E. F.	2525 Chestnut St., Rapid City, S.D.	[Signature]	11/6/1911
29	Mr. G. H. I.	2626 Walnut St., Rapid City, S.D.	[Signature]	11/7/1911
30	Mr. J. K. L.	2727 Elm St., Rapid City, S.D.	[Signature]	11/8/1911
31	Mr. M. N. O.	2828 Oak St., Rapid City, S.D.	[Signature]	11/9/1911
32	Mr. P. Q. R.	2929 Pine St., Rapid City, S.D.	[Signature]	11/10/1911
33	Mr. S. T. U.	3030 Cedar St., Rapid City, S.D.	[Signature]	11/11/1911
34	Mr. V. W. X.	3131 Birch St., Rapid City, S.D.	[Signature]	11/12/1911
35	Mr. Y. Z. A.	3232 Walnut St., Rapid City, S.D.	[Signature]	11/13/1911
36	Mr. B. C. D.	3333 Spruce St., Rapid City, S.D.	[Signature]	11/14/1911
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THE MONEY REPORT

SATURDAY-SUNDAY,
MARCH 22-23, 1997
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SPORTS

Amid the Rush of Upstart Funds, a Few Lessons in Longevity

By Judith Rehak

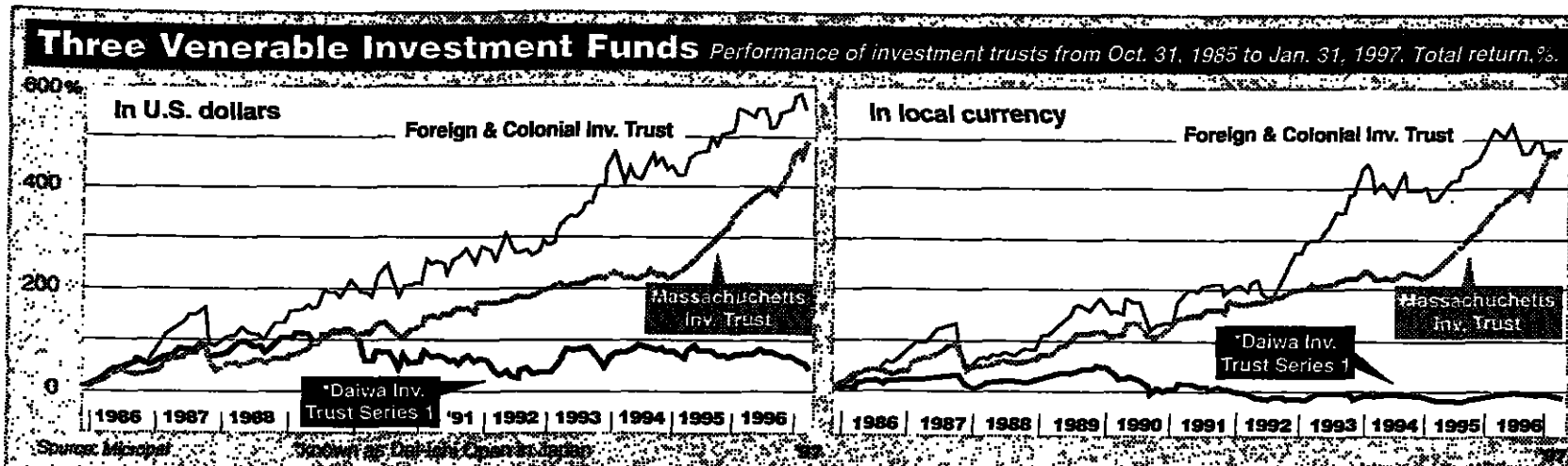
MUTUAL funds have been proliferating at a spectacular rate in recent years, but amid the slew of recent entrants are a few investment vehicles that have been around for a surprisingly long time.

The hands-down winner for longevity is Britain's Foreign & Colonial Investment Trust. Started in 1868, the £2.1 billion (\$3.3 billion) closed-end fund is the oldest in the world. It could lay claim to having been the first emerging-markets fund: Its original portfolio included such exotica as Egyptian Railway loans and government bonds from Chile, Peru and Turkey.

"Contrarianism has always been a theme of the fund, both in markets and stocks," said Michael Hart, the chairman and portfolio manager since 1969.

Among his out-of-favor bets today are companies in the United States, which is the fund's second-largest country-holding, forming a 26 percent slice at the end of February.

Other contrarian plays include Japan, which Mr. Hart qualified as "incredibly depressed" but where the fund has picked up some export-oriented companies, and a first foray into Russia's risky market.



Mr. Hart is not averse to borrowing money to take positions when he spots opportunities. Such plays are balanced by a 40 percent anchor in stalwart British industrial and financial shares. These include Shell Transport & Trading Co. and British Telecommunications PLC.

With these holdings, Mr. Hart sticks to fundamentals. "We're great believers in meeting the management, strong balance sheets, and good cash flows," he said. While the trust has typically beat the Financial Times All-Share Index since

the late 1980s, its predilection for foreign markets occasionally brings on a case of currency woes. Last year, for example, it returned only 5 percent, despite currency hedging, as a strong pound eroded profits from its overseas holdings.

The oldest American mutual fund is a mere strapping by comparison. The \$3.5 billion Massachusetts Investors Trust, an open-end fund run by Boston's MFS Investment Management, was first offered to investors in 1924. John Laupheimer, one of three money

managers who share duties at the fund, described its strategy as "conservative growth" and "low volatility."

"We're interested in quality names — straight blue chips with above-average growth rates — and we pay the right price for them," he said.

The fund's blue-chip mandate was evident in its inaugural year, when its hand-written roster of holdings included companies like Eastman Kodak and Standard Oil of Indiana. More recently, some astute stock-picking and a boom-

ing U.S. stock market favoring big-name companies has paid off handsomely. The fund surged 39.34 percent in 1995 and tacked on 25.90 percent last year.

The fund's top holdings include household names like Gillette Co. and Colgate-Palmolive Co., but financial-services stocks have been the biggest winners. Despite daily warnings of rising U.S. interest rates, anathema to financial stocks, Mr. Laupheimer is resolutely sticking with a 21 percent stake in groups like State Street Bank & Trust

Continued on Page 17

Through Market Slumps and Takeover Wars, How the Oldest Firms Survive

By Barbara Wall

FEW BUSINESSES are built to last. The average life span of the world's large industrial enterprises is estimated to be less than 40 years, while two-thirds of small firms can expect to fail within seven.

Yet there are some companies that manage to survive slumps, hostile takeovers and changing markets. Dun & Bradstreet, the business-information provider, has compiled a list of more than 200 British companies that have been in business for longer than 200 years. The oldest is the Aberdeen Harbour Board, founded in 1136, followed by Cambridge University Press (1536) and Oxford University Press (1586).

The Swedish forest-products company Stora AB is considered by some people to be the oldest company in the world. It traces its roots to 1288, although it did not become a corporation until 1888, and the copper mine at which it began may have been the site of activity as early as 850.

Hudson's Bay Co. of Canada is known as the world's oldest retailer, created with the launch of a trans-Atlantic expedition in 1668. The founding family of Mitsui & Co., which has been described as the world's oldest trading company, opened a dry-goods store in 1673 in what is now Tokyo.

Some of the most successful and enduring companies worldwide are controlled by family dynasties. The prestigious 1,281-year-old Japanese Hoshi Hotel has passed through the hands of 46 generations. One of France's most select and successful wine producers, Hugel & Fils, has remained in the same family for 12 generations.

Both companies are members of Les



years that their founders would probably not recognize them today. But some family-run businesses have been on the same premises, manufacturing the same basic products for centuries.

Family-run companies with a 300-year-old pedigree can apply for membership in the Tercentenarians' club, which is based in Britain. Members include Britain's oldest bank, C. Hoare & Co., founded in 1672, and R. Durnell & Sons Ltd., Britain's oldest builder, which was established in 1591.

A common feature of these hoary family-run concerns is that they have been largely self-financing and have stuck close to their basic product range. Constantine Folkes, chief executive of Folkes Group PLC, a British construction concern founded in 1699, said: "Anyone can make money when markets are buoyant, but when markets sour, the survivors will be those who have resisted the urge to over-borrow and over-diversify."

Folkes started off as a general forge,

making swords and farm implements. During the 1960s, it diversified into industrial property development, but it spent most of the 1980s returning to its core business. Mr. Folkes said that the company's balance sheets were much healthier as a result.

Since Folkes Group went public in 1953, its share price has quadrupled, from three shillings and sixpence (17.5 modern pence) to 70 pence (\$1.11). There also have been bonus issues over the years. An investor who bought 10 shares in 1953 would hold 50 today.

Companies must keep pace with changing technology if they are to remain competitive. Alldays Peacock, a 247-year-old British company, originally made blacksmiths' bellows. Although the company now makes industrial fans, it is still in the same basic business.

But while adapting to change is important, so is a long-term perspective. "Successful wine producers are not interested in profit alone; they want to produce the best wines to be enjoyed in the best restaurants around the world," said Etienne Hugel, marketing director of Hugel & Fils.

"In the wine and spirits trade, it usually helps if the same family retains control over the company," he said. "At Hugel & Fils, all the family members are in some way involved in the business. We all get paid the same amount, so there are no petty jealousies, and everyone has a vested interest in ensuring that the quality of the product is maintained."

BUT FAMILY businesses are just as vulnerable as large enterprises. Alden Lank, professor of family business enterprises at the Institute for Management Development in Lausanne, Switzerland, said that fewer than 40 percent of family-owned companies reach the second generation.

"The single most important reason why family businesses fail is an inability to manage the succession process," he said. "Feuds between the older and younger generations can cripple an otherwise prosperous business, while the law of primogeniture in some countries often means that an unsuitable family member gains control of the company."

"Another common problem," he added, "is that some families are unwilling to dilute the share capital or bring in outside help when the business needs to grow."

Marie Brizard & Roger International Bordeaux, a French distiller and spirit merchant, was established in 1755 as a family business. The family still controls 55 percent of its equity, but outsiders have been brought in over the years to help it evolve and expand. The concern now has more than 1,000 employees, only six of whom are family members.

Since the company went public in 1984, the share price has tripled. It also has a record of unbroken dividend payments averaging 3 percent a year.

Although some companies have stood the test of time and maintained their profitability, it is generally not considered good investment practice to invest in an enterprise solely on the basis of longevity. Even the oldest and most venerable of companies may be here one day and gone the next. The Bank of New England, which was founded in 1831, went into receivership on its 160th anniversary.

"One can certainly get a feel for a company by looking at its history," said Tudor Richards, a director of the executive MBA program at Manchester Business School in England. "Older family-run enterprises will generally have fewer debts, while recruitment

from within the company should lead to greater stability."

"However," he added, "the problem with many of these businesses is that they chug along quite merrily without actually growing."

Mr. Lank fears that many more family-run businesses could fail before the end of the millennium.

"A company needs to be a minimum critical size to compete effectively in international markets," he said. "Many family-run firms are losing the edge because they are unwilling or unable to create strategic alliances."

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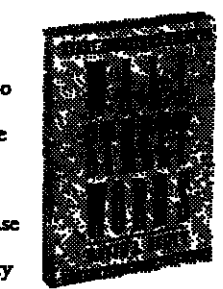
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Long-Haul Stocks: No Wait, No Gain

By Digby Lamer

DESPITE FEARS that today's soaring stock markets are ripe for a correction, conventional wisdom has it that over the long term, equities outperform other investments. For investors planning to hold on for more than a few years, it is considered better to risk buying at high prices than to be out of the market.

But there are also stocks and sectors that analysts regard as exceptionally long-term plays, needing 30 or 40 years before they are likely to bring results. Often these are stocks that have suffered badly, even through the current bull market, and are attractive mainly because they are cheap. Their bargain price makes it worth taking the risk that they could crash while betting that if they survive they will deliver healthy returns.

For some investors, Eurotunnel is a good example of this type of stock. During the stock's eight-year trading history, its British shares have soared from an issue price of £4 (\$6.36) to a peak of about £12. Since then, after operational and financial problems with the tunnel between France and Britain, it has plunged to a current price of 75 pence.

"It's a huge long-term bet," said Michael Beggs, an analyst with the fund manager Guinness Flight Asset Management in London. "There are plenty of possible pitfalls that would make it worth

nothing. It may have to be restructured, for example, with the equity being diluted as a result. It could take another 15 or 20 years for it to clear its debts."

Kenneth King, European equities analyst with Kleinwort Benson Securities, said the Thai banking sector was rich with good, long-term prospects.

"I manage my own pension, and there are a few stocks in Thailand that I plan throwing into my portfolio and forgetting about," he said.

Although he believes Thai banks are good value, there are too many pressures in the market to expect a quick recovery. Future performance also depends on financial reform, he said.

"There are plenty who believe the Thai baht could be devalued and that the market has not reached bottom yet," he said. While he said that major commercial players such as the Bangkok Bank and Thai Farmers Bank are worth buying, some finance houses have suffered badly in the last year and now look cheap.

For Paul O'Connor, an equity strategist with Barclays de Zoete Wedd in London, anyone looking for long-term returns needs to seek out sectors benefiting from developing trends, such as health care and high technology. But in picking stocks, he likes businesses that have a sustainable market advantage.

"You have to look for businesses that have a barrier against competition," Mr. O'Connor said. "Banking and telecommunications are growing fast, for

example, but their position could be threatened by other media."

Standard Chartered Bank fits the bill in Asia, he said. Following a difficult period five years ago, Standard Chartered has emerged under new management to become a key player in the region, gaining momentum in trade and consumer finance.

"Its sustainable advantage is that several of the countries it operates in no longer give out trading licenses, so Standard Chartered is well protected," he said. In the next 30 years, it will be well-placed to take advantage of the region's growing consumer market, he said.

Established economic and demographic trends may also have a bearing on long-term performance. Aging populations in many developed countries, the need for pollution control, the protection of natural resources and the erosion of state intervention in the economy could turn some of today's cheap, infant businesses into high-flyers in 40 years, according to some analysts.

Brian Tora, of the British brokerage Greig Middleton Financial Services Ltd., believes that a steady shift from personal to mass transportation is a likely future trend.

"We've seen little movement in that direction so far," he said, "but because of the need to use resources better, it's bound to happen — even though we might have to wait until the first quarter of the next century."

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THE MONEY REPORT

Q & A / Robert Prechter

Theorist's Future Wave: Dow at 400

Robert Prechter left his job as an analyst at Merrill Lynch & Co. nearly 20 years ago to start an advisory newsletter, *The Elliott Wave Theorist*. Based on the work of the mathematician R.N. Elliott, the theory holds that financial markets and the economy move in predictable patterns driven by fluctuations in public mood. The price of an asset travels in a clear sequence of five waves in the dominant direction, usually up, then three waves against the trend, Mr. Elliott found, with each completed pattern forming part of a bigger one.

Shortly before the 1980s bull market, Mr. Prechter used Elliott wave analysis to predict that stock prices, which had languished for years, would rise several times over. A few years later, he advised subscribers to dump everything just before the 1987 market collapse.

Since then, he has been mostly bearish, missing the fabulous stock-market returns of the 1990s. But he maintains that a top is near in stock markets and a world economy that display optimism not seen since 1929. Mr. Prechter, who lives in Gainesville, Georgia, spoke recently with Conrad de Aenlle.

Q. You have said we live in interesting times. Can you explain?

A. These times are interesting because the biggest trend-change in social mood in over 200 years is upon us. In the Chinese sense of the term, though, the interesting times lie ahead, when crisis and opportunity will coexist.

The exuberance for buying stocks,

irrational or otherwise, is being sustained by a belief that traditional notions about company valuations and economic cycles no longer apply. "This time it's different," the bulls cry.

Q. How are they wrong?

A. In the mere general acceptance of the idea that economic cycles are dead is the answer to why we have economic cycles. People's beliefs about trends are not scientific, but emotional. When markets have gyrated, they believe in cycles. When they go down for a long time, they believe in Armageddon. When they go up for a long time, they believe that cycles are dead and the only possible direction is up. If people were different, always expecting trend-change, then financial markets would be far more stable. And boring.

Q. What is your investment outlook?

A. I think the U.S. stock market has topped out and faces an initial collapse from mid-March into May. Most stock markets worldwide are likely to follow suit. After a rebound lasting a couple of months, stocks should resume their declines.

Major stock declines have always led to recessions or depressions, and this time should be no different. The bond market is not a haven, as it topped out in 1993 and has far further to go on the downside. The quality of investment debt overall is the lowest in human history, and bond investors will have to pay for that error.

I am bullish on gold and silver for the near term, but over the next 10 years, the biggest risk we face is deflation. Economists are cheering the low inflation rate, but the long-term trend is exactly where it was in 1929, so it is not good news.

Q. Where will the Dow be when the decline is over?

A. Ultimately, the Dow should fall to below 400. I do not know when it will bottom because we are dealing with a major corrective process that could last a century, balancing the bear market that ran from 1720 to 1784. Bear markets can meander or be nearly straight down.

Q. You've long been predicting these events. Why were you off?

A. It has been frustrating. In 1982 and 1983, I described the coming mania, which would be "like 1929, 1968 and 1973 combined." Unfortunately, I thought we would reach that point in five to eight years, and it has taken 14, so I got out way early. The duration of it threw me off, as well as the fact that I could not bring myself to join such a naive crowd.

Q. Is it possible that your analysis has been wrong?

A. There is always a mix of good and bad in the social picture. The question is, What is the balance? Today, on average worldwide, there is less pollution — due to the collapse of European communism — greater assurance of peace, more good-paying jobs and fewer tin-pot dictatorships than ever before (and even those are about to collapse). People don't realize they are living in a golden age until it's over.

Whatever one might view as negatives now will appear as nothing at the bottom of the next depression.

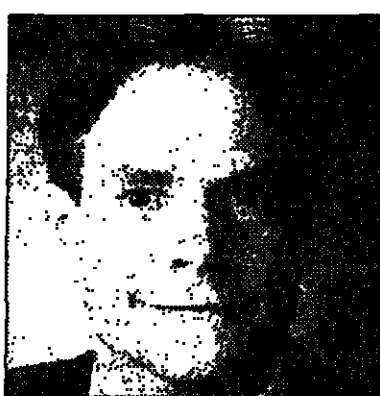
Q. What would have to happen for you to concede you were wrong?

A. If the majority, which assures us today that the market always goes up long term, does not adopt the opposite posture within the decade, I will concede I was wrong. If you think this is unlikely, go ask the majority of Japanese if they want to invest in their stock market. Compare their answers to what you were reading in 1989 about the invincible long-term stability of the Japanese market and the unwavering commitment of the Japanese investor.

Q. Is there any way to prevent the sort of cataclysm that you expect?

A. The world's weak debt will be retired, inflated investment values will fall to bargain levels and the world economy will enter depression. Social unrest will follow in many areas of the world. This is not doomsday. It is the right half of a cycle that has occurred many times before, and we always survive it.

These are social trends. You as an individual can avoid the difficulties. For those with income or large savings, the 1930s were a fantastic time. Everything was cheap.



The theorist Robert Prechter.

Equities Can Seem Scary, But Time Is on Their Side

ROBERT KRULWICH, a witty economics reporter on U.S. television, must have scared the pants off many American investors with a recent report, "When You Retire, How Much Are You Willing to Gamble?"

His thrust was that millions of investors are going to be in big trouble because they will make bad decisions about where to put their pension money.

The problem, in Mr. Krulwich's mind, is not that they invest too conservatively (which truly is a problem) but that they will lose lots of money in the risky stock market. The clear slant of the program is that the movement toward giving employees control over their own retirement funds is dangerous.

A union leader is quoted, approvingly: "I don't think a lot of working men and women can beat the market. I know a lot of rich people that can't beat it. So that's a gamble. We wanted a guarantee." The union wanted Frontier Corp., a

company based in Rochester, New York, to keep its conventional defined-benefit plan, which awards pensions based on service and salary. In the United States and several other countries, investors are being given freedom to do their own retirement investing using tax-advantaged accounts that allow them to play the financial markets with some or all of their pension money.

One can argue the philosophical merits of company-provided plans versus self-directed investing, but Mr. Krulwich makes the case for the old system by frightening viewers: "What if they don't handle the investments well or they just are unlucky? Millions and millions of people with no guarantee, no insurance, what will happen to them?"

Mr. Krulwich presented only one set of historical stock market figures, and they were distorted. He gave a tour of bear markets in U.S. stocks and concluded, "So if you add up all these years, of 107 years, 77 of them were kind of yucky periods for investors."

Yucky? Let me quote his entire historical assessment: "In 1890, there was a 64 percent drop on the New York Stock Exchange, and it took 15 years to recover. In 1906, a 48 percent drop, 10 years to wait till recovery. In 1916, a 56 percent drop and a nine-year wait. Here's the Great Depression, 26 years, and on and on until 1973, which was a 10-year plateau."

Mr. Krulwich made two huge mistakes. The first is that he did not take dividends into account, and they are a big factor, compounding smartly over time. It did, indeed, take about 26 years for the Standard & Poor's 500-Stock Index, a broad measure of larger stocks, to get back to the same level it

reached in 1929. But an investor who stayed with the S&P and reinvested dividends would have recovered the losses by 1936. The market then took another drop but bounced back again by 1943.

Look at it this way: An investor who put \$1,000 into the S&P stocks at the start of 1929 would have had \$6,400 at the end of Mr. Krulwich's 26 years, according to data compiled by Ibbotson Associates Inc., the Chicago-based research firm. By contrast, an investor who put \$1,000 into U.S. Treasury bills (again, reinvesting the dividends) would have \$1,200.

What about the most recent stock market bath? In 1973, the S&P lost 15 percent, and in 1974, it lost 26 percent (both figures include dividend income). But in 1975, the index rose 37 percent and then 24 percent in 1976. The 10 years starting in 1973 were generally rotten for the stock market (and the economy); nevertheless, an investor who put \$1,000 into the S&P stocks at the end of 1972 would have

had \$1,900 at the end of 1982. An investor who split funds, 50-50, between large and small stocks would have quadrupled the investment.

Mr. Krulwich's second mistake is that he adds up all the years in these bad periods and pronounces 72 percent of stock market history "yucky."

That is nonsense. Let's use his own standard and ignore dividends. Even if it took the S&P 26 years to get back to its pre-1929 high, many investors during that period made a ton of money. Indeed, if you had gone into the market at the start of 1933, you would have doubled your investment in three years.

Between 1926 and 1996, the S&P produced a positive return in 51 years and a negative return in 20. In other words, it turned a profit in 73 percent of those years. But one year is too short a period to be in the stock market. Let's look at five-year spans. There have been 67 of them since 1926 (that is, 1926-35, 1935-40, etc.). According to Ibbotson, 60 of those, or 91 percent, produced profits.

In his book "Stocks for the Long Run," Jeremy J. Siegel, professor of finance at the Wharton School, examined every 20-year holding period since 1802. He found that the worst one produced an average annual return of 1.0 percent after inflation. Indeed, the Ibbotson research, which goes back only to 1926, finds that only two 10-year periods (out of 62) have registered a loss and not a single 15-year period (out of 57). How much money would you have made investing in the S&P? An annual average of 10.5 percent a year. Even with 5 percent annual inflation, your purchasing power would double.

Washington Post Service

With Century Bonds, 100 Years of Low Yield

By Conrad de Aenlle

THE WORLD 100 years ago was emerging from a depression that in many ways was worse than that of the 1930s. An already deflationary century hit bottom when prices in Britain, the world's leading economy, fell by 40 percent from 1873 to 1896.

Had there been the current fashion for issuing bonds with 100-year maturities — there have been 31 issues in the last four years, raising \$6.8 billion — bondholders would have been lucky to receive interest payments half as great as the roughly 7.5 percent on investment-grade 100-year bonds sold today. Worse, those payments would have fallen in real terms almost every year, and at redemption, the bondholders' descendants would be getting back a small fraction of the value of their ancestors' capital.

This is certainly something to consider before buying a so-called century bond.

Basically, corporate America has been healthy and companies are taking a chance to lock in what are historically quite low rates of interest," said Ian Spreadbury, senior fixed-income portfolio manager at Fidelity Investments.

Many of the issuers are known as paragons of Western capitalism: Walt Disney Co., Coca-Cola Co., International Business Machines Corp. Some are just the opposite: the government of the People's Republic of China.

The favorable interest-rate environment meant that IBM, for instance, could get off its century issue at 7.125 percent, near 20-year lows not

just for high-grade corporate bonds, but Treasury bonds, which are considered safer.

The IBM issue due 2096 has slipped in price and now yields 7.22 percent, while Disney's 2093 maturity returns 7.55 percent and Coke's bond due the same year offers 7.46 percent.

The 2096 bonds of China, a lower-rated borrower, return 9.125 percent, while Tenaga Nasional Bhd., the Malaysian power company, has an issue of the same year yielding 7.64 percent. All of the bonds are denominated in dollars.

"The attraction of 100 years, instead of 10, 20 or 30, is that this is extremely long-term capital," said Melissa James, a bond principal at Morgan Stanley & Co. "It's like equity because they won't have to repay the capital in anyone's lifetime."

There is another motivation for picking such a long maturity: machismo.

"The other reason people have done them is it's a very strong endorsement of companies' credit in the market," Ms. James said.

"It makes a strong statement that you can borrow money for a very long time," she added. "It's good for companies with consumer brands."

FOR CHINA, this use of the world financial system gives not just credit, but also credibility.

"It's a strong endorsement for them to say, 'We can borrow in the capital markets for that long a term,'" Ms. James said.

The benefits of holding on to investors' money for all those years costs very little. Century bonds have typically been issued at a spread of 25

basis points, one-quarter of a percentage point, over the rate that the same issuer would have to pay for 30-year money. Lately, spreads on many have come in to just 10 basis points.

Are they worth what the market is paying for them?

"I'd be a little bit cautious," Mr. Spreadbury advised. "I personally wouldn't want to take a 100-year view on a company. I'd rather buy Treasuries. But for professionals, it's a different ball game; it's all about relative value."

What fund managers — the buyers who have pushed the spreads down — like about very long-maturity bonds is that they are positively convex.

That means that as interest rates rise, prices fall less than on shorter-date issues, but as rates fall, their prices rise no less.

"They have been mispriced, misunderstood by the market," said Susan Huang, head of U.S. fixed income for Chase Asset Management. She added that they should be considered "not just for their yield, but for their total-return characteristics and convexity characteristics."

The few bonds that have existed for very long periods have been poor investments. The most notorious example is the 3.5 percent British War Bond, issued in 1916 with no redemption date.

That might have seemed a decent interest rate, especially for an investment also purchased for patriotic reasons, but market rates are much higher now and the bonds typically trade at 40 to 50 pence (63 to 79 cents) on the pound.

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Longevity Lessons Amid the Fund Rush

Continued from Page 15

caped the ravages of the country's painful bear market, which is now in its eighth year. The Dai-ichi Open has fallen 14.8 percent over the last five years, compared with 14.2 percent for Topix, said Keizo Mizude, a Daiwa spokesman.

But he pointed out that the fund had delivered an annualized return of 7.2 percent over its life. He also noted that last year it had slipped only 2.7 percent, compared with a 6.7 percent loss for Topix, a capitalization-weighted index of the Tokyo exchange's first-board companies.

As of last month, the fund's portfolio manager, Shinichi Yamamoto, was 78 percent invested in stocks and stock futures, with 22 percent in cash. "A high cash level is typical of the current defensive posture of Japanese equity funds," said Kumi Fujisawa, a principal of IFS Ltd., a Japanese fund-research firm.

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WORLD ROUNDUP

Lipinski Jumps to an Early Lead

Stojko Dazzles Crowd in Winning Men's Gold Medal

By Ian Thomson
International Herald Tribune

LAUSANNE, Switzerland — Michelle Kwan, 16 years old, admitted this week, "I am trying to regain what I had." Her youthful bliss, she implied.

As she skated off the ice after a frustrating short program Friday in the World Figure Skating Championships, having stepped out of a triple lutz and almost keeling over without completing her opening combination, she threw a sort of disappointed punch into the air.

Last year, at 15, she was the world champion, and now, the day before the decisive free program on Saturday, she was in fourth place. The early leader was her 14-year-old American teammate, Tara Lipinski, who seems unlikely to make a mess of the final stage. Lipinski was splendid on Friday.

Lipinski skated before thousands of people and millions of TV viewers as if no one was watching. At 75 pounds (34 kilograms), gravity did not seem terribly concerned with her. She spun like a weather vane and came back to earth as if her arms were wings. Her older competitors, by comparison, seemed to have lead in their bones.

Afterward, Lipinski sat behind a table and disappeared in a semicircle of adults three-deep with microphones and pencils and said: "I think if I thought I could win this, it would put too much pressure on me."

The results below her were surprising. In second place was Vanessa Gusmeroli, 18, the No. 2 French skater behind Surya Bonaly, who was not selected for these championships by her federation. Maria Butyrskaya of Russia was third; her teammate, the European champion Irina Slutskaya, was sixth after falling on her first jump.

Nicole Bobek, the American whose legendary coach, Carlo Fassi, died of a heart attack at these championships on Thursday afternoon, teetered at the be-

ginning of her 2 minute 40 second program and spun to her knees at the end. As she skated away to receive her scores — Bobek was eighth overall — her coach's widow, Christa Fassi, met her with an embrace.

"My warm-up felt great and I was very strong," said Bobek, 19. "But right before I did my program I looked at Christa and began crying. It meant so much to have Christa with me. I know how hard it was on her, but it meant so much."

Chen Lu of China, the 20 year old who was the world champion two years ago, was limited by a long-term foot injury to 25th place. Not only did she not advance to Saturday's final round, but she also failed to assure China of a place in the women's figure skating at next year's Olympics. Her last chance to qualify will come in October in Vienna.

While Lipinski was tugging her sport in one direction — toward a gymnastics-like trend of tiny, exquisite feet — the men's champion the night before was once again enforcing his own muscular view of skating upon the sport. A good thing, too: Elvis Stojko was fantastic.

He wore black, first of all, his thick arms exposed in between the high short sleeves and the studded wrist bands halfway up his forearms. This was his way of getting your attention. His dark curly hair was cut thick like a helmet over the back of his neck.

When he began to move, after standing in a pose for almost a half-minute of music, he looked like an auto mechanic who had been practicing nights in secret.

If he was insecure before the nine judges hunched skeptically over their long blue table in front of him, then it only brought out his personality all the more — the movement of his arms like karate chops and the explosive quadruple toe-loop/triple toe-loop in combination that he has done. Each time he came out of the blur of his spins,

a chain was glimmering from around his open collar.

When he skated into a corner, the people in the front row leaned forward and banged their fists on top of the boards. When he came to a stop he realized that practically everyone in the arena was standing up for him, applauding the common man.

Then the marks came up: a perfect 6.0 for technical merit from the Italian judge, who at the same time rated Stojko a 5.6 artistically. What that meant, after two days in which he hadn't missed a jump, was that he still could be beaten to the gold medal by Todd Eldredge of the United States, whose coach, Richard Callaghan, was telling Eldredge exactly that. Callaghan also coaches Lipinski.

Eldredge looked nothing like an auto mechanic. He looked like the perfect, conservative, clean-cut date come to pick up the millionaire's daughter. For better than three minutes he behaved as if he was going to defend his world championship as if by birthright.

He wasn't nearly as dynamic as Elvis. Indeed, according to Callaghan, Lipinski might implement a quadruple jump in the next year before Eldredge is able to do it. But Eldredge was more polished, in a Fred Astaire way. Until, that is, he converted only one spin of a triple axel. In the final minute of his program, he had to try it again with the gold medal still possibly within reach. It was as if he had been punched in the stomach while airborne. He landed in a sprawl and finished second.

At that stage, Elvis was among the last people in the building to realize that he was the champion. He didn't know that Alexei Urmanov, the Olympic champion and the first-round leader, had withdrawn because of a groin muscle pulled Wednesday during the short program. As a result, Russia, like the United States, will be permitted only two men figure skaters in the Olympics next year, even though a Russian, Alexei Yagudin, was the sur-



Tara Lipinski performing her short program on Friday in Lausanne.

prise bronze medalist behind Stojko and Eldredge. Stojko, who turned 25 last Saturday, became world champion for the third time, completing a comeback of sorts after his disastrous short program on home soil last year in these championships. He has now put the rest of his competitors on the clock: They have until

the Olympics to try to install a quad to keep up with him and the few others who perform it regularly. Two other men were able to do quads at these championships: Konstantin Kostin of Latvia, who finished 17th, and the 19th-placed Zhengxin Guo of China, who became the first to hit two quads in one program.

Michigan Advances

NIT BASKETBALL Michigan advanced to the National Invitation Tournament semifinals with a 67-66 victory over Notre Dame in South Bend, Indiana.

The Wolverines will play Arkansas on Tuesday at Madison Square Garden in New York. Nebraska and Connecticut were to play Friday night to determine the opponent for Florida State in the other semifinal matchup.

As the buzzer sounded on Thursday night and Michigan players rushed the floor, Robert Traylor pumped his fist and started screaming. The Wolverines have Traylor to thank for keeping them in the NIT. After Michigan blew a 15-point first-half lead, the sophomore was everywhere — scoring, rebounding, even setting up the game-winning shot.

"Nothing will make up for not making the NCAA," Traylor said. "But we're still going to do our best to win this tournament."

Traylor scored a career-high 26 points and grabbed 13 rebounds, one shy of his career best. He also set the screen that freed Brandon Hughes for the game-winning jumper with seven seconds left. Notre Dame had one last chance, but Traylor blocked Admore White's reverse layup. (AP)

Cup Semifinals Drawn

SOCCER Ajax and Borussia Dortmund will have home advantage for the first leg of the Champions Cup semifinals next month.

Four-time titlist Ajax will host defending champion Juventus, while Dortmund, which has never won the title, will be at home against the 1968 winner, Manchester United, on April 9. The return-leg matches are scheduled for April 23.

Friday's draw pleased Manchester United's manager, Alex Ferguson, who had hoped his club would be at Old Trafford for the second leg.

"I am quite happy with that," he said. "If we do our job properly and play as well as we have done in away games, then we are going to give ourselves a great chance when we come back to Old Trafford."

United, the first English club since 1985 to reach the semifinals, is hoping for a revenge matchup against Juventus in the May 28 final in Munich. The Italian champions beat United twice this season in the group stage.

British bookmakers listed Juventus as 6-5 favorites for the title, followed by Manchester United at 5-2, Dortmund at 4-1 and Ajax at 9-2. The Dortmund-Manchester United matchup will pose security worries for German police, who face the prospect of about 10,000 English fans traveling to Dortmund for the first-leg game. (AP)

Giants Sign Free Agents

FOOTBALL The New York Giants announced the signings of four free agents: tackle Alan Kline; safeties Picasso Nelson and Brandon Sanders; and tight end Brandon Jessie, who played basketball at the University of Utah from 1994 to 1996. They're still trying to sign running back Keith Elias.

Meanwhile, the Giants continue to focus on next month's college draft. They're taking a long look at linebacker James Farrior of Virginia. (NYT)



Iowa State's Kevin Cato, left, being fouled by Toby Bailey of UCLA.

UCLA Wins, as Dollar Banks It In

Compiled by Our Staff From Dispatches

SAN ANTONIO, Texas — Finding life in the most desperate moments, the burning UCLA Bruins flickered but did not get put out.

In overtime on Thursday night, in a frantic, fabulous exchange of critical plays, Cameron Dollar and the Bruins were left standing, 74-73, over Iowa State in their NCAA Midwest Regional semifinal.

Practically nobody else was, including the 29,231 at the Alamodome, out of breath and glazed by the tension after Dollar's full-court dance through the Cyclone defense with the Bruins behind and the clock set to expire.

Dollar got into the lane, head-faked shot-blocker Kelvin Cato, then lifted a three-footer softly over Cato, off the glass, into the net and into UCLA history.

How much longer can it go, how much harder can it get, how many twisting, tumbling moments are left in this endless, elastic UCLA season?

"Just trying to get it done, man," Dollar said when asked if this was his greatest game.

Dollar got the ball with about 10 seconds left in overtime, after Scott Bankhead lifted Iowa State to a 73-72 lead. Dollar's sweet shot gave him a career-high 20 points, and moved UCLA (24-7 and the winner of 12 consecutive games) into the Midwest Regional final against No. 1-seeded Minnesota.

Minnesota 90, Clemson 84 Minnesota and Clemson tangled in one of those up-all-night tournament games that make college basketball special.

Forty minutes of regulation and five minutes of overtime were not enough. Let's do two. And they did.

But Minnesota's guard, Bobby Jackson, had seen, heard and experienced enough after 49 minutes. Jackson made sure the second overtime was the last.

THE NCAA TOURNAMENT

one, because it was his 3-point shot and then two free throws in the final minute that gave Minnesota a 6-point cushion at 87-81 with 42 seconds left. When guard Charles Thomas made two free throws with 3.1 seconds left, it was over.

"I've been involved in a lot of games, maybe 2,000 that I've coached and played in, but this was one of the best," said Minnesota's coach, Clem Haskins. The victory was his 200th at Minnesota.

Utah 82, Stanford 77 A lot of people stood up to be heard: an assistant coach, a homesick freshman from Helsinki, and a point guard playing with the first shaved head of his life.

Stanford's Brevin Knight — who took a razor blade to his scalp to celebrate his school's appearance — forced overtime with a 3-point shot heaved from his hip, but second-seeded Utah went to its go-to guy in overtime to escape with an 82-77 victory in Thursday night's West Regional semifinal in San Jose, California.

Utah's flustered coach, Rick Majerus, will not show this game film at a how-to clinic, but the Utes are in the regional final after withstanding the clumsiest of second halves and intro-

duced the world to Hanno Mottola. The all-American Van Horn (25 points, 14 rebounds, three blocks) had fouled out with four minutes 26 seconds left in overtime, on a light push off Knight, and it was the Finnish Mottola who swished a baseline jumper to break a 73-73 tie. It was also Mottola who made one of two free throws to extend the lead to three points.

The freshman missed Europe so much this winter that he asked his mother to fly in from Helsinki, and Majerus would commonly stop by at 11 P.M. on school nights to lend him an ear. "Tonight he's not homesick," Majerus said.

Utah will meet Kentucky in the West Regional final.

Kentucky 83, St. Joseph 68 Kentucky's All-American forward, Ron Mercer, and a reserve guard, Cameron Mills, each scored 19 points as the defending national champions jumped ahead of St. Joseph's early and rode their first-half lead to the finish. Kentucky was never really challenged or pushed in winning its ninth consecutive tournament game.

"We played spectacular in the first half," said Kentucky's coach, Rick Pitino. "Our goal was to shoot over 50 percent and try to limit them to 40 percent." For the most part, mission accomplished.

St. Joseph's shot 37.5 percent in the first half and 43.9 percent overall. Kentucky was the model of consistency again, shooting 55.6 percent in the first half, 56 percent in the second and 55.8 percent overall. (LAT, NYT)

Tony Zale, Middleweight Great, Dies

By Michael Cooper
New York Times Service

Tony Zale, who braved his way to the middleweight championship twice during a Hall of Fame boxing career punctuated by three legendary title bouts with Rocky Graziano, died Thursday at a nursing home in Portage, Indiana. He was 83.

Zale had been suffering from Parkinson's disease and Alzheimer's disease for several months. He died after his family suspended the antibiotics that had been prolonging his life. The Associated Press reported.

Though he began his pro career at 21 in 1934, it was over a two-year span in the late 1940s that Zale helped make Graziano-Zale as famous a combo in boxing lore as Ali-Frazier or Dempsey-Tunney or Louis-Schmeling.

"We gave those people their money's worth, didn't we?" Zale told an interviewer years later.

Zale was called the "Man of Steel" for both his ability to seem unfazed by the most brutal pummelings and because his first job was in the steel mills of Gary, Indiana.

Born on May 29, 1913, as Anthony Florian Zaleski, he changed his last name to Zale and quit his job at the mills when his boxing career took off in the 1930s. He packed a wallop. One opponent, Billy Soose, once described Zale's punches by saying that when he "hits you in the belly, it's like someone stuck a hot poker in you and left it there."

In 1940, Zale defeated Al Hostak to win the National Boxing Association middleweight title and in 1941, he beat George Abrams to become undisputed



Tony Zale landing a right to Rocky Graziano's ribs in their third title bout.

world champion. In 90 career bouts, he had 70 victories, 46 by knockouts, 18 losses and 2 draws.

But it was his three fights with Graziano that solidified his standing in boxing history. "Ask any fight buff of the 1940s to name the most memorable series fought in his time and without hesitation he will say the Zale-Graziano battles of 1946, 1947, 1948." Red Smith wrote in The New York Times.

Their first battle was Sept. 27, 1946, before a crowd of 39,827 at Yankee Stadium. Zale knocked out Graziano with a left hook to the jaw in the sixth

round. Graziano took his revenge in their next fight, winning the middleweight title in Chicago on July 16, 1947, when he knocked out Zale in the sixth.

But Zale reclaimed the title in their third match on June 10, 1948, in Ruppert Stadium in Newark, New Jersey, when he sent Graziano down for the count in the third with a punishing left.

Three months after fighting Graziano, Zale lost the title to Marcel Cerdan of France when he could not come out for the 12th round. After the defeat, Zale, 35, retired. In 1958, he was elected to the Boxing Hall of Fame.

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SPORTS

Arnie's Comeback Swing

For Palmer, There's Life and Golf After Cancer

By Leonard Shapiro
Washington Post Service

ORLANDO, Florida — As 67-year-old Arnold Palmer sauntered into the interview tent at the Bay Hill Invitational, he smiled broadly as he surveyed the crowded room.

"Greg Norman or Tiger Woods must be coming in here," he said. Palmer was about to begin his traditional pre-tournament interview at the PGA Tour event he started here, at his home course, in 1979.

But this is anything but a traditional week for Palmer. After undergoing surgery for prostate cancer Jan. 15, the man known as "The King" is back slashing at golf balls in his distinctive style. This is his first event since the surgery, and Palmer spent 45 minutes talking about golf — and life — after cancer.

"Physically, I feel fine," he said. "I'm not as strong as I was three months ago, and I suppose I tire a little earlier than I'd like to. But I've noticed my stamina has increased almost daily. Two weeks ago on the 18th tee, I was having trouble getting the club up and back with the force I'd like to do it with."

But on Monday, he said, he was "able to swing it pretty good at the 18th."

It can only get better. He will definitely play in the Masters next month, and may even go back-to-back with an appearance at the PGA Seniors' Championship the following week in Palm Beach Gardens, Florida. He also will

follow a typical schedule of selected senior events, and he insists he will approach every tournament the only way he knows how.

"My goals are the same," he said. "If I play in a golf tournament, I'm still foolish enough to think I can win. When the realization comes to me that I can't, I will really curtail my thinking about that."

Although he started with six pars in the first round Thursday, Palmer went bogey, double bogey, triple bogey on his next three holes and finished at nine-over 81, the high score of the day on his home course.

"It was great to be out there even though I didn't play the kind of golf I wanted to," Palmer said. "I hit it as solid as I have in the last couple of years, even before the surgery."

"I felt wonderful out there," he added. "I feel very lucky to be playing."

Palmer was 14 strokes behind the first-round leader, Paul Stankowski, 40 years younger and one of the game's rising stars. Stankowski shot a 5-under-par 67.

After the surgery, Palmer was told not to swing a club for at least six weeks, and he listened, waiting until the 43rd day. He said he was buoyed by thousands of letters and cards from around the world; the presidential calls from Bill Clinton, George Bush and Gerald Ford; and calls from his friends Jack Nicklaus, Greg Norman, Gary Player and so many more.

Palmer said he had not yet decided on



Arnold Palmer putting at the Bay Hill Invitational in Orlando, Florida.

becoming a spokesman for any particular group or organization in the battle against cancer, that he wanted to "think it out before I do get involved."

On his own, he said, he would "try to make people aware of the possibilities of having cancer and the great possibility of cures for cancer."

"I'm not interested in being a hero over this sort of thing," he added. "I just want to play some golf. If I can help someone recognize they should do check-ups, whether it's women, men, children, then I'll urge them to do that."

Fiorentina Gives Italy a Hat Trick

By Peter Berlin
International Herald Tribune

FLORENCE — Fiorentina completed a hat trick of low-key Italian success when it qualified for the semi-finals of the European Cup Winners Cup, despite losing, 1-0, to Benfica of Lisbon.

Fiorentina had won, 2-0, in Portugal two weeks earlier, and so advanced, 2-1, on aggregate after Thursday night's loss to give Italy a team in the final four of all three European club competitions.

Germany, England, France and Spain all have two finalists, but Italy alone is in a position to repeat its unique clean sweep of 1990 — the only season all three European trophies have ended up in the same country.

Yet none of the Italian teams played like champions this week, which was striking proof that even though clubs now hire players without regard to national borders, the teams of some countries (and, indeed some cities) continue to show the same characteristics again and again.

All three Italian teams had done well in the first leg on the road, but all three refused to press their advantage at home, opting to play it cool instead.

On Tuesday in Milan, Inter, which

had tied 1-1 in Brussels, beat Anderlecht by only 2-1, playing most of the second half precariously — only one goal from elimination.

On Wednesday in Turin, Juventus scored its second goal in the last minute.

CUP WINNERS CUP

It, too, played most of the game with just a one-goal margin, one mistake away from being taken to extra time by Rosenborg.

Italian soccer clubs still place great faith in the ability to defend a lead. Perhaps this week's results prove that faith justified, but it is difficult to forget the fate of AC Milan in November. It needed only to tie at home with Rosenborg to reach the Champions Cup quarterfinals, yet still contrived to lose, 2-1.

Trying to get by with a minimum effort also cost Italy's national team dearly in last summer's European Nations championship, when the team failed to qualify to the second round.

Even though Fiorentina has Gabriel Batistuta, an exceptional goal scorer, it lies only 10th in Serie A. It is, for most part, a solid, efficient team, and clearly stronger than Benfica, now a shadow of its great team of the 1960s.

Yet if Benfica's execution had

matched its energy and enthusiasm, it could have won comfortably. Time and again, the Fiorentina defense fell back around its goal mouth, allowing Benfica time and space to cross from the wings. Generally these crosses were poor, but the Portuguese still managed to take the lead in the 24th minute when Paulo broke free on the right and rolled the ball into the middle to Edgar Pacheco, who popped it into the goal.

The diminutive Edgar was also unmarked early in the second half, but could not control his header when a taller man might well have scored. Twice, crosses squirmed untouched through the Fiorentina goal mouth and the effervescent Joao Pinto shot narrowly wide.

Batistuta threatened the Benfica goal with three thunderous free kicks, and Francesco Baiano hit a post after a bungled Benfica clearance. But Fiorentina only developed a grip on the game in the last 15 minutes, when Benfica inevitably tired.

Fiorentina's rather jaded performance somehow matched the mood of its notorious fans. In spite of a transport strike, about 35,000 had come to watch. Their team was two goals ahead and seemingly assured of victory, yet they seemed unwilling to celebrate.

The Sharks Sail Past Free-Falling Canucks

The Associated Press

Viktor Kozlov's power-play goal early in the third period lifted the San Jose Sharks to a 2-1 victory over the

NHL ROUNDOFF

Vancouver Canucks. The triumph Thursday stopped the Sharks' five-game losing streak, in which they were outscored, 21-11. The Canucks lost for the seventh time in their last 10 games, with just one victory in that stretch.

Penguins 6, Maple Leafs 3 Joe Mullen scored two goals as host Pittsburgh beat Toronto to win consecutive games for the first time in more than a month.

Mullen, the NHL's oldest player at 40, raised his career total to 502 goals and is the all-time leading scorer among United States-born players.

Panthers 2, Senators 2 Jody Hull scored at 1:40 of the third period, and Florida salvaged a tie with host Ottawa.

Ottawa began the night four points behind Washington and Hartford for the

eight and final playoff berth in the Eastern Conference.

Coyotes 4, Blackhawks 2 Keith Tkachuk scored all four Phoenix goals, and Nikolai Khabibulin stopped 40 shots as the Coyotes beat the Blackhawks in Chicago.

Blues 4, Whalers 1 Grant Fuhr stopped 28 shots, and Pierre Turgeon had two goals and an assist as St. Louis beat visiting Hartford. The Blues are one of six teams fighting for five spots in the Western Conference playoffs.

SCOREBOARD

BASEBALL

EXHIBITION BASEBALL

THURSDAY'S GAMES
Los Angeles 3, Houston 3
Atlanta 6, Baltimore 1
Florida 6, Detroit 7
St. Louis 8, New York Yankees 3
Kansas City 5, Pittsburgh 4
Seattle 9, Colorado 3
Seattle 6, Chicago Cubs 4
San Diego 7, Oakland 3
Milwaukee 10, Anaheim 7
Toronto 4, Minnesota 1, 7 innings, rain
Cincinnati 4, Cleveland 2, rain
Montreal vs. New York Mets, cool, rain

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE
ATLANTIC DIVISION
W L Pct GB
New York 49 18 73.1
Orlando 37 29 56.1
Washington 32 35 47.9
New Jersey 20 45 30.8
Philadelphia 17 49 25.8
Boston 12 55 17.7
CENTRAL DIVISION
Chicago 57 9 86.4
Detroit 49 17 71.2
Indiana 42 22 67.2
Charlotte 43 24 64.2
Cleveland 35 31 53.0

NATIONAL INVITATION TOURNAMENT

THIRD ROUND

Michigan 61, Notre Dame 66

HOCKEY

NHL STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION
W L Pts GB
Philadelphia 40 21 10 242 187
New Jersey 39 22 10 230 163
Florida 32 24 17 81 176
N.Y. Rangers 33 30 9 75 223 205
Washington 28 35 8 64 181 199
Tampa Bay 27 36 7 61 188 220
N.Y. Islanders 24 39 9 57 258

NORTHWEST DIVISION

W L Pts GB
Buffalo 37 22 11 85 210 178
Pittsburgh 34 30 7 73 249 239
Anaheim 26 32 14 66 220 249
Hartford 27 31 10 64 194 223
Ottawa 23 35 11 61 195 208
Boston 24 39 9 57 258

WESTERN CONFERENCE

W L Pts GB
Colorado 44 18 9 77 244 173

CENTRAL DIVISION

W L Pts GB
Dallas 34 15 8 63 225 146
Phoenix 31 18 5 60 212 222
St. Louis 31 22 9 71 212 199
Chicago 28 32 12 60 188 184
Toronto 26 40 6 50 210 250

PACIFIC DIVISION

W L Pts GB
Vancouver 44 18 9 77 244 173

BASEBALL

EXHIBITION BASEBALL

THURSDAY'S GAMES
Los Angeles 3, Houston 3
Atlanta 6, Baltimore 1
Florida 6, Detroit 7
St. Louis 8, New York Yankees 3
Kansas City 5, Pittsburgh 4
Seattle 9, Colorado 3
Seattle 6, Chicago Cubs 4
San Diego 7, Oakland 3
Milwaukee 10, Anaheim 7
Toronto 4, Minnesota 1, 7 innings, rain
Cincinnati 4, Cleveland 2, rain
Montreal vs. New York Mets, cool, rain

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE
ATLANTIC DIVISION
W L Pct GB
New York 49 18 73.1
Orlando 37 29 56.1
Washington 32 35 47.9
New Jersey 20 45 30.8
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Phoenix 31 18 5 60 212 222
St. Louis 31 22 9 71 212 199
Chicago 28 32 12 60 188 184
Toronto 26 40 6 50 210 250

PACIFIC DIVISION

W L Pts GB
Vancouver 44 18 9 77 244 173

Olajuwon Leads Rockets Past Bullets

The Associated Press

Hakeem Olajuwon scored 26 points and led Houston's late fourth-quarter charge to give the Rockets a 96-90 victory over Washington, snapping the Bullets' five-game road winning streak.

After the visiting Bullets took their first lead of the Thursday night game, 83-81, with 7:29 to play, Olajuwon scored eight points over the final 6:42. The Bullets scored just two baskets in the final three minutes, missing their final three shots.

SuperSonics 123, Nuggets 97 Shawn Kemp had 24 points and 10 rebounds and Seattle forced visiting Denver into a season-high 33 turnovers in the SuperSonics' rout of the Nuggets.

Hersey Hawkins had 23 points on 9-of-11 shooting as five Sonics scored in double figures. LaPhonso Ellis paced the Nuggets with 20 points.

Suns 112, Spurs 106 Danny Manning scored 10 of his 26 points in the third quarter.

NBA ROUNDOFF

fourth quarter to lead host Phoenix to its sixth victory in eight games.

Kevin Johnson added 24 points and 15 assists, and John Williams chipped in 13 points and 14 rebounds as the Suns moved into a tie with the Sacramento Kings for the final playoff spot in the Western Conference.

Trail Blazers 97, Bucks 78 in Milwaukee, Clifford Robinson and

Rasheed Wallace each scored 20 points as Portland won its league-best 11th straight game. The Blazers shot 61 percent from the floor and took control by outscoring the Bucks 32-15 in the third quarter.

Magic 100, Warriors 95 Dennis Scott's sixth 3-point shot gave Orlando the lead for good, and the Magic held on to beat Golden State. Scott, who finished with 21 points, broke a 95-95 tie with 25.6 seconds left.

Lakers 89, Cavaliers 76 Eddie Jones scored 23 points, and his backcourt partner, Nick Van Exel, had 22 to lead the Los Angeles Lakers over the Cavaliers. It was the Lakers' first triumph in eight games in Cleveland since Dec. 13, 1988.

DENNIS THE MENACE



Dennis the Menace

PEANUTS



Peanuts

GARFIELD



Garfield

BEETLE BAILEY



Beetle Bailey

BLONDIE



Blondie

WIZARD OF ID



Wizard of Id

NON SEQUITUR

Non Sequitur

DOONESBURY

Doonesbury

CALVIN AND HOBBES

Calvin and Hobbes

WIZARD OF ID

Wizard of Id

NON SEQUITUR

Non Sequitur

DOONESBURY

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CALVIN AND HOBBES

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Non Sequitur

DOONESBURY

Doonesbury

DAVE BARRY

The Birth of the Wail

MIAMI — When I heard that Richard Berry, the man who wrote "Louie Louie," had died, I said, "Well, I can't tell you, in a family newspaper, what I said. But it was not a happy remark. It was the remark of a person who realizes he'll never get to thank somebody for something."

I remember the day I first heard "Louie Louie." I was outside my house, playing basketball with my friends on a "court" that featured a backboard nailed to a tree next to a geologically challenging surface of dirt and random rocks, which meant that whenever anybody dribbled the ball, it would ricochet off into the woods and down the hill, which meant that our games mostly consisted of arguing about who would go get it.

So we spent a lot of our basketball time listening to a transistor radio perched on a tree stump, tuned to WABC in New York City. (I mean the radio was tuned to WABC; the stump was tuned to WOR.) And one miraculous day in 1963, out of the little transistor speaker came...

Well, you know what it sounds like: This guy just wailing away, totally unintelligible, with this band just whumping away behind him in the now-legendary "Louie" rhythm, whomp-whomp-whomp, whomp-whomp, whomp-whomp-whomp...

And it was just SO cool. It was 500 million times cooler than, for example, Bobby Rydell. It was so cool that I wanted to dance to it right there on the rocky dirt court, although of course as a 15-year-old boy of that era I would have sawed off both my feet with a nail file before I would have danced in front of my friends.

I loved "Louie Louie" even before I found out that it had dirty words. Actually, it turned out that it didn't have dirty words, but for years we — and when I say "we," I am referring to the teen-agers of that era, and J. Edgar Hoover — were all convinced that it did, which of course just made it cooler. We loved that song with no idea whatsoever what it was about.

But for me the coolest thing about "Louie Louie" was this: I could play it on the guitar.

In fact, just about anybody could play it, including a reasonably trainable chicken. Three chords, nothing tricky. This is why, when I — like so many teenage boys of that era — became part of a band in a futile attempt to appeal to girls, "Louie Louie" was the first song we learned.

We'd whomp away on our cheap, untuneable guitars plugged into our Dist-O-Matic amplifiers, and our dogs would hide and our moms would leave the house on unnecessary errands, and we'd wail unintelligibly into our fast-food-drive-through-intercom-quality public-address system, and when we were finally done playing and the last out-of-tune notes had leaked out of the room, we'd look at each other and say "Hey! We sound like the Kingsmen!" And the beauty of that song is, we kind of did.

I continued playing in bands in college, and many other songs went into and out of our repertoire, but we always played "Louie Louie." Over the years, musical and cultural critics have offered countless explanations for the song's enduring appeal.

but I would say, based on playing it hundreds of times in front of a wide range of audiences, that the key musical factor is this: Drunk people really liked it.

My band found that, if large beer-guzzling college-fraternity members became boisterous and decided they wanted to play our instruments, or hit us, or hit us with our instruments, all we had to do was play "Louie Louie," and they would be inspired to go back to dancing and throwing up on their dates.

Sometimes people got a little TOO inspired. One night we were playing in a frat house at the University of Pennsylvania, and during "Louie Louie," an entire sofa — a large sofa — came through the front window, which was not open at the time. The crowd did not stop dancing, and we did not stop playing; we kept right on wailing and whumping.

That's the kind of indestructible song "Louie Louie" is.

I'm confident that it's one of the very few songs that would be able to survive a global thermonuclear war. (Another one is "Wild Thing.")

I'm not defending it as art. I'm not saying that, as a cultural achievement, it is on a par with the "Mona Lisa," or "Hamlet."

On the other hand, when the "Mona Lisa" or "Hamlet" comes on my car radio, I do not crank the volume way up and wail unintelligibly at my windshield. I still do this for "Louie Louie."

And for that, Richard Berry, wherever you are: Thanks.

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Painters Who Sit at the Captain's Table

International Herald Tribune

PARIS — The French Navy, still known as La Royale, includes two aircraft carriers, 36 submarines, two destroyers and 40 official painters. They wear the three gold stripes of a lieutenant de vaisseau on their sleeves and, after a time, the four stripes of a capitaine de corvette.

"Our shoulder boards now say 'Peintre Officiel.' Before that we were

MARY BLUME

mistaken for chaplains," says Marc P.G. Berthier, one of the 40. "We always like to say it's like the Académie Française but much better because there's no scheming to get in."

Like the Académie, the post of official painter was created by Richelieu and is now awarded by the Defense Ministry. Originally, the painters served as war correspondents, portraitists of admirals or, like Joseph Vernet, were commissioned to paint port scenes. "There were lots who were more or less famous and became more or less obscure later," Berthier says.

The youngest is 47, the oldest 93. To qualify they must have had paintings accepted at six Salons de la Marine, which are held every two years at the Musée de la Marine in Paris. They receive neither pay nor pensions and have no official duties except to exhibit at the Salon de la Marine. They are entitled to put an anchor after their signature.

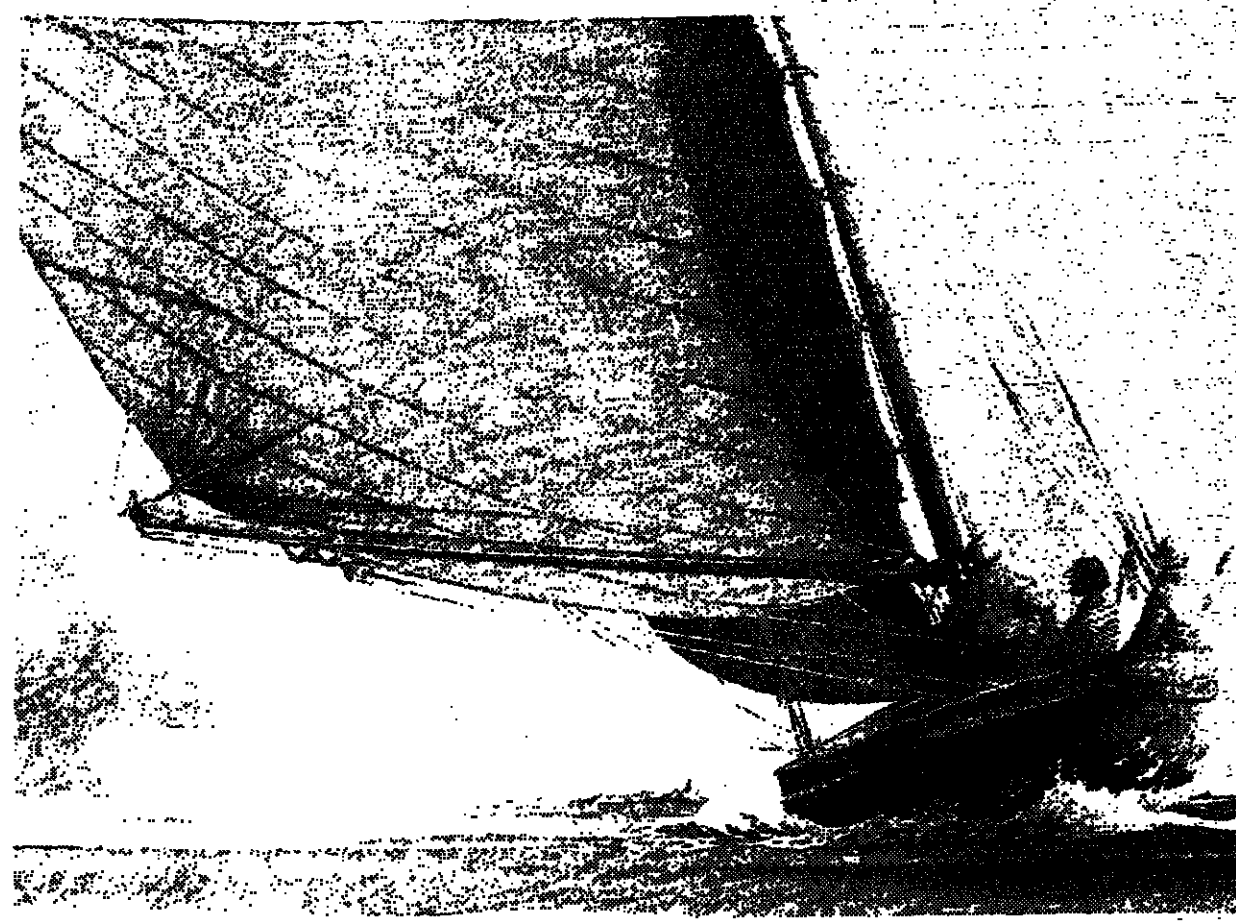
Their chief perk is that they can travel free on any naval vessel. Where they are seated at the captain's table and the napkin ring is inscribed "Monsieur le Peintre."

Berthier has never painted a warship and doesn't much like them. "They are like closed boxes, you see nothing, you might as well be on a submarine. And the cabins are like being in a formica trailer, uglier than you can imagine." What he likes to sail, and paint, is his 9-meter sloop, Valama, built by Charles Nicholson in 1904.

A native of Saint-Malo with a droopy brown mustache and a mariner's very clear eyes, he prefers the speed and adroitness required by watercolors ("It's like a regatta, if you are first and the wind suddenly shifts, you've had it") and is a well-known book illustrator and portraitist of yachts. He has competed in the Fastnet and has sailed the Atlantic twice but doesn't love long races. "By the end, because of living so close people become animals. A person who on shore talks about Proust starts to snort like a pig and eat like one."

Because he is both a very convivial man and a prankster, Berthier is one of the founding members (all of whom hold the rank of commodore) of France's answer to Britain's Royal Yacht Squadron, of which he is also a member and whose dinners at Cowes he greatly enjoys. "They are so funny, impossible snooty but once they have welcomed you they are delightful. Their dinners are so grand you could die laughing. They wear mess kit, always a bit shabby because their trouser bottoms are covered in brine with snuff handkerchiefs in their sleeves that trail in the sauce."

Berthier's club, even more exclusive than the



Despite his rank as an official painter in the French Navy, Marc P.G. Berthier prefers sloops to battleships.

Royal Yacht Squadron, has only 12 members and is called the Royal Minquiers Yacht Squadron, after the useless and dangerous rocks off Saint-Malo which the British and French have fought over for centuries and which at high tide are completely submerged.

The "Minkies" (the members' preferred pronunciation, to approximate the British) have dinners, and race each other for a hideous trophy found in a flea market and called the Cloudy Night after the wife of a Minkie whose name, Claude, was misheard by an English yachtsman as "Cloud."

During Cowes week, in August, the Minkies invite members of the Royal Yacht Squadron to their headquarters in a Vauban fort on a tiny island about 300 meters off Saint-Malo. "We make dithyrambic speeches in very approximate English," Berthier says. Everyone wears evening dress and, since the island is accessible only on foot at low tide, the ladies are often carried home at the evening's end.

Berthier was of course among the exhibitors at this winter's Salon de la Marine at the wonderful maritime museum in the Palais de Chaillot at the Place du Trocadéro, an event that this year caused serious mal de mer because of the government's threat to move the museum to another site.

The Musée de la Marine, which is under the Defense Ministry and administers regional maritime museums on the Atlantic and Mediterranean coasts, is a treasure house of objects ranging from exuberant gilded figureheads to scrimshaw to an unrivaled collection of 18th-century ship models to Napoleon's 17-meter-long state barge, for which a wall in the Palais de Chaillot had to be pierced.

The problem arose last autumn when President

Jacques Chirac, sharing his predecessors' pharaonic impulses but lacking funds to build a museum to commemorate his reign, announced that a new primitive arts museum would displace the Musée de la Marine. The storms swiftly reached gale force with protests led by France's most famous yachtsman, Eric Tabarly, and some 60,000 angry letters from all over the world.

Trimming slightly, Chirac named Jean-François Deniau, a distinguished member of parliament and enthusiastic yachtsman, to make a report on possible new sites for the Musée de la Marine. Deniau's impeccable research revealed that the three most suitable sites would be the much-coveted Quai Branly near the Eiffel Tower, the prestigious Grand Palais, and the Quai d'Austerlitz, which real estate promoters hope to make their own.

Deniau further recommended that the Musée de la Marine in the future be administered by the Ministry of Culture, which is having its own money problems, and his cost evaluations revealed that moving the museum would be incredibly expensive in addition to requiring that its wall again be punctured to get Napoleon's barge out.

A clever sea dog, Deniau denies that he approached the report with the intention of scuppering Chirac's plan. "I'm a good sport. If they were to offer us something twice as good and big as we have now there would be no point in being stubborn."

But the idea of moving the museum seems to have died with his report. "In administrative life one never knows," Deniau says calmly. "But what was a storm warning seems to have passed to smooth seas ahead."

PEOPLE

THE eldest daughter of Vice President Al Gore will take a trip down the aisle. Karenna Gore, 22, will marry Dr. Andrew Schiff, 32, a primary care physician at New York Hospital. Karenna Gore, a 1995 graduate of Harvard, is an editorial assistant at the on-line magazine Slate, a Microsoft Corp. publication. A Washington wedding is planned for November.

Madame Chiang Kai-shek, once the most powerful woman in China as the wife of the Nationalist leader Chiang Kai-shek, quietly celebrated her 100th birthday at a party in her Manhattan apartment. A spokesman said that 20 to 30 relatives, including nieces, nephews, grandchildren and great-grandchildren, attended the party. Madame Chiang has lived in New York on and off since her husband died in 1975 in Taiwan, where he and his followers fled when Mao Zedong took power on the Chinese mainland in 1949.

The actor John Heard was convicted of telephone misuse and trespassing in a case brought by the actress Melissa Leo, his former girlfriend and mother of their 9-year-old son. Heard, best known as the father in the "Home Alone" movies, was acquitted of more serious charges of assault and harassment of Leo and her current boyfriend. "This is a father's rights issue," Heard said as he left the courtroom. Heard, set for May 13 sentencing, faces a maximum of six years and two months in prison. He also faces \$1,100 in fines. A charge of stalking Leo, who plays a non-sensational detective on the television show "Homicide," was dropped last December.

Two East European authors were awarded Leipzig literary prizes Friday for their work generating deeper understanding between European people. Imre Kertész, 68, of Hungary, received the top prize of 20,000 Deutsche marks (\$12,000) for "Diary of a Slave," which deals with the fate of deported Jews during the Holocaust. The second Leipzig prize, worth 10,000 DM, was awarded to the Prague publicist and author Antonín Liehm, 72, for his European culture magazine "Lettre Internationale."

The U.S. record producer Phil Spector on Friday won a British court battle over the rights to his first hit and the prospect of thousands of pounds in back royalties. The High Court ruled that Spector owned the rights in Britain to the music and lyrics of "To Know Him Is to Love Him," which the Teddy Bears took to the top of the U.S. charts in



20 YEARS ON — The actor Mark Hamill arriving at the London premiere of the re-release of "Star Wars."

1958. Spector had argued that a 28-year copyright assignment to Warner Music in 1958, which then granted a license to the British-based Bournemouth Music Ltd., had expired in 1986.

Arthur C. Clarke formally released his latest novel, "3001: The Final Odyssey," in a brief ceremony in the Sri Lankan capital of Colombo. The novel concludes the space epic he began in 1968 with "2001: A Space Odyssey," and his most famous creation, the psychotic computer HAL, a terrifying

vision of artificial intelligence run amok in deep space. Clarke, 79, who has lived in Sri Lanka since 1956 and rarely leaves home, is a leading citizen of cyberspace. On March 14, he commemorated the fictional HAL's birthday with a live Internet "cybercast" from Sri Lanka.

Dame Vera Lynn, the woman who kept Britain smiling through World War II when she sang "We'll Meet Again," did just that when she celebrated her 80th birthday with a party. Former Prime Minister Margaret Thatcher and Princess Margaret joined more than 100 friends and family to sing "Happy Birthday" for the singer at the Imperial War Museum. Dame Vera, the daughter of a London plumber, captured the public mood during the dark days of World War II with songs such as "The White Cliffs of Dover."

The Turtle Bay Association, a neighborhood group in Manhattan in which Katharine Hepburn was active for 40 years, and the city Parks and Recreation Department will rename a garden in Dag Hammarskjöld Plaza in her honor. It will be dedicated on May 12, Hepburn's 90th birthday.

The French post office has unveiled a new version of Marianne, the national symbol that adorns French stamps, and for the first time ever she is the work of a woman artist: the designer and painter Eve Luquet. The new stamp, to be introduced on July 14, replaces the existing version, introduced in 1989.



John Heard, left, and his attorney leaving the courthouse in Baltimore.

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